

A

BILL

to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2015, and to amend certain laws

WHEREAS it is expedient to make provisions to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2015, and to amend certain laws for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. **Short title, extent and commencement.** — (1) This Act may be called the Finance Act, 2015.

(2) It extends to the whole of Pakistan.

(3) **It shall come into force from the first day of July, 2015, except sub-sections (8) and (9) of section 2 which shall have effect from the next day of assent given to this Act by the President of the Islamic Republic of Pakistan.**

2. **Amendments of Act IV of 1969.** — In the Customs Act, 1969 (IV of 1969), the following further amendments shall be made, namely:-

(1) in section 19,-

(a) for sub-section (1), the following shall be substituted, namely:-

“(1) The Federal Government pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in the

emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in duties, development of backward areas and implementation of bilateral and multilateral agreements, subject to such conditions, limitations or restrictions, if any, as it thinks fit to impose, may, by notification in the official Gazette, exempt any goods imported into, or exported from, Pakistan or into or from any specified port or station or area therein, from the whole or any part of the customs-duties chargeable thereon and may remit fine, penalty, charge or any other amount recoverable under this Act.”; and

- (b) after sub-section (3), the following new sub-sections shall be added, namely:-

“(4) The Federal Government shall place before the National Assembly all notifications issued under this section in a financial year.

(5) Any notification issued after the promulgation of the Finance Act, 2015 under sub-section (1) shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued.”;

- (2) section 20 shall be omitted;
- (3) in section 32, in sub-section (3), in the proviso, for the words “one hundred”, the words “twenty thousand” shall be substituted;

- (4) in section 79, in sub-section (1),-
- (a) after the word “warehousing”, the words “or transshipment” shall be inserted; and
- (b) in clause (b), after the second proviso, the following Explanation shall be added, namely:-
- “Explanation.- For the purposes of this clause, the assessment and paying of duty, taxes and other charges in respect of transshipment shall be at the port of destination.”;
- (4A) in section 80, in sub-section (4), after the words “examined” the words “and assessed” shall be inserted”.**
- (5) in section 121, in sub-section (1), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-
- “Provided that at customs-station where the Customs Computerized System is operational, the system may automatically authorize transshipment to other customs-station subject to risk selectivity criteria.”;
- (6) in section 123, after sub-section (2), the following shall be added, namely:-
- “Explanation.- For the purpose of transshipment of LCL goods, the customs-station of first entry shall be the customs-station where the goods are de-consolidated.”;
- (7) in section 156, in sub-section (1), in the Table,-

(a) S.No.1 shall be re-numbered as S.No.1(i) of that Table and thereafter the following new clause and the entries relating thereto in columns (1), (2) and (3) shall be added, namely:-

“(ii) If any person such person shall General”; and
contravenes the be liable to a
requirement of penalty not
placement of exceeding fifty
invoice and thousand rupees.
packing list inside
the import
container or
consignment,

(b) against serial number 64, in column (1), for the existing entry, the following shall be substituted:-

“If any person contravenes any rule or condition relating to section 128 or section 129, or makes an untrue declaration relating to transit goods or illegally removes or conceals any transit goods,”;

(8) the amendments set out in the First Schedule to this Act shall be made in the First Schedule to the Customs Act, 1969 (IV of 1969); and

(9) the Fifth Schedule to the Customs Act, 1969 (IV of 1969), shall be substituted in the manner specified in the Second Schedule of this Act.

2A. Amendment of Ordinance, XXXVI OF 1971.- In the Workers Welfare Fund Ordinance, 1971 (XXXVI Of 1971), in section 2, in clause (f), for the semi-colon

appearing at the end, the expression “or mutual funds and collective investment schemes including National Investment (Unit) Trust or REIT Scheme” shall be substituted;

2B. Amendment of Act XXVII of 1974.- In the Members of Parliament (Salaries and Allowances) Act, 1974 (XXVII of 1974),

(1) in Section 3, for the words “twenty seven thousand three hundred seventy-seven” the words “thirty six thousand four hundred and twenty-three” shall be substituted.

(2) in Section 10, in sub-section (1),-

(i) the words “within Pakistan” shall be omitted; and

(ii) for the words “by air or by rail”, the words “by Pakistan International Airlines or by Pakistan Railways” shall be substituted.

(3) in section 13A, in the explanation, the commas and words “, namely, the Committee on Government Assurances, Committee on problems of Less Developed Areas, Committee on Human Rights and Committee on Rules of Procedure and Privileges” shall be omitted.;

3. **Amendments of the Sales Tax Act, 1990.** —.In the Sales Tax Act, 1990, the following further amendments shall be made, namely:-

(1) in section 2,—

(a) for clause (1), the following shall be substituted, namely:—

“(1) “active taxpayer” means a registered person who does not fall in any of the following categories, namely:-

- (a) who is blacklisted or whose registration is suspended or is blocked in terms of section 21;
 - (b) who fails to file the return under section 26 by the due date for two consecutive tax periods;
 - (c) who fails to file an Income Tax return under section 114 or statement under section 115, of the Income Tax Ordinance, 2001(XLIX of 2001), by the due date; and
 - (d) who fails to file two consecutive monthly or an annual withholding tax statement under section 165 of the Income Tax Ordinance, 2001;
- (1A) “Appellate Tribunal” means the Appellate Tribunal Inland Revenue established under section 130 of the Income Tax Ordinance, 2001 (XLIX of 2001);”;
- (b) in clause (5AB), for the word “seven”, the word “eight” shall be substituted;
 - (c) in clause (28), the comma, words and figures “, and his total turnover per annum shall be taken into account for the purposes of registration under section 14” shall be omitted; and
 - (d) in clause (33),-
 - (a) in sub-clause (b), the word “and” at the end shall be omitted; and

(b) in sub-clause (c), for the colon at the end, a semi-colon and the word “and” shall be substituted, and thereafter the following new clause shall be added, namely:-

“(d) in case of manufacture of goods belonging to another person, the transfer or delivery of such goods to the owner or to a person nominated by him:”;

(e) after clause (46), the following new clause shall be added, namely:-

“(46A) “whistleblower” means whistleblower as defined in section 72D of the Sales Tax Act, 1990”;

(2) in section 3,—

(a) in sub-section (1A), for the word “one”, the word “two” shall be substituted;

(b) in sub-section (2), for clause (b), the following shall be substituted, namely:—

“(b) the Federal Government may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette, declare that in respect of any taxable goods, the tax shall be charged, collected and paid in such manner and at such higher or lower rate or rates as may be specified in the said notification.”; **and**

(c) in sub-section (8), after the word “thereunder”, the comma and words “, but subject to the provisions of clause (b) of sub-section (2) shall be inserted;

- (3) in section 6, in sub-section (1), after the word “enforcement”, the words “including recovery” shall be inserted;
- (4) in section 7, in sub-section (2), in clause (ii), after the figure “79”, the expression “, section 81” shall be inserted;
- (5) in section 8, in sub-section (1),—
 - (a) in clause (h),
 - (a) after the word “excluding”, the words “pre-fabricated buildings and” shall be inserted; and
 - (b) the word “and” at the end shall be omitted;
 - (b) in clause (i), for the full stop at the end a semi-colon shall be substituted and thereafter the following new clauses shall be added, namely:—
 - “(j) services in respect of which input tax adjustment is barred under the respective provincial sales tax law;
 - (k) import or purchase of agricultural machinery or equipment subject to sales tax at the rate of 7% under Eighth Schedule to this Act; and
 - (l) from the date to be notified by the Board, such goods and services which, at the time of filing of return by the buyer, have not been declared by the supplier in his return.”;
- (6) in section 8A, after the word “unpaid”, occurring for the first time, the expression “, of which the burden to prove shall be on the department” shall be inserted;

(7) in section 13,—

(a) in sub-section (2),—

(i) in clause (a), after the word “may”, the commas and the words “, pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in taxes, development of backward areas and implementation of bilateral and multilateral agreements” shall be inserted and thereafter the word “and” at the end shall be omitted; and

(ii) clause (b) shall be omitted;

(b) in sub-section (3), the expression “or, as the case may be, order made under clause (b) of that sub-section” shall be omitted;

(c) after already omitted sub-section (5), the following new sub-sections shall be added, namely:—

“(6) The Federal Government shall place before the National Assembly all notifications issued under this section in a financial year.

(7) Any notification issued under sub-section (2), **after 1st July, 2015** shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued.”;

(8) for section 14, the following shall be substituted, namely:—

“14. Registration.—(1) Every person engaged in making taxable supplies in Pakistan, including zero-rated supplies, in the course or furtherance of any taxable activity carried on by him, falling in any of the following categories, if not already registered, is required to be registered under this Act, namely:—

- (a) a manufacturer who is not running a cottage industry;
- (b) a retailer who is liable to pay sales tax under the Act or rules made thereunder, excluding such retailer required to pay sales tax through his electricity bill under sub-section (9) of section 3;
- (c) an importer;
- (d) an exporter who intends to obtain sales tax refund against his zero-rated supplies;
- (e) a wholesaler, dealer or distributor; and

(f) a person who is required, under any other Federal law or Provincial law, to be registered for the purpose of any duty or tax collected or paid as if it were a levy of sales tax to be collected under the Act;

(2) Persons not engaged in making of taxable supplies in Pakistan, if required to be registered for making imports or exports, or under any provisions of the Act, or any other Federal law, may apply for registration.

(3) The registration under this Act shall be regulated in such manner as the Board may, by notification in the official Gazette, prescribe.”;

(9) after section 21, the following new section shall be inserted, namely:-

“21A. Active taxpayers list.-The Board shall have the power to maintain active taxpayers list in the manner as may be prescribed by rules and such rules may provide for the restrictions and limitations to be imposed on a person who ceases to be an active taxpayer.”;

(10) in section 25, in sub-section (3), the words, figures and comma “or section 36, as the case may be” shall be omitted;

(11) in section 32A, –

(a) in the heading, for the words “Special Audit by Chartered Accountants or Cost Accountants”, the words “Audit by Special Audit Panels” shall be substituted;

(b) for sub-section (1) the following shall be substituted, namely:–

“(1) The Board may appoint as many special audit panels as may be necessary, comprising two or more members from the following, –

(a) an officer or officers of Inland Revenue;

(b) a firm of chartered accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961);

(c) a firm of cost and management accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966); or

(d) any other person as directed by the Board,

to conduct audit of a registered person or persons, including audit of refund claims and forensic audit and the scope of such audit shall be determined by the Board or the Commissioner Inland Revenue on a case-to-case basis. In addition, the Board may, where it considers appropriate, also get such audit conducted jointly with similar audits being conducted by provincial administrations of sales tax on services.”;

(c) in sub-section (2), for the word “an auditor”, the words “special audit panel” shall be substituted;

- (d) in sub-section (3), for the words “An auditor”, the words “Every member of special audit panel” shall be substituted; and
- (e) after sub-section (3), amended as aforesaid, the following new sub-sections shall be added, namely:—

“(4) Each special audit panel shall be headed by a chairman who shall be an officer of Inland Revenue.

(5) If any one member of the special audit panel, other than the chairman, is absent from conducting an audit, the proceedings of the audit may continue and the audit conducted by the special audit panel shall not be invalid or be called in question merely on the ground of such absence.

(6) The Board may prescribe rules in respect of constitution, procedure and working of special audit panel.”;

- (12) in section 33, in the Table, in column (1), –
 - (a) against serial number 1, in column (2), in the proviso, for the word “fifteen”, the word “ten” shall be substituted; and
 - (b) against serial number 5, in column (2), in the first proviso, for the word “fifteen”, the word “ten” shall be substituted;
- (13) in section 40C, –
 - (a) in sub-section (2), after the word “labels”, the word and comma “barcodes,” shall be inserted; and
 - (b) after sub-section (2), amended as aforesaid, the following new sub-section shall be added, namely:-

“(3) Such tax stamps, banderoles, stickers, labels, barcodes etc., shall be acquired by the registered person referred to in sub-section (2) from a licensee appointed by the Board for the purpose, against price approved by the Board, which shall include the cost of equipment installed by such licensee in the premises of the said registered person.”;

(14) in section 45A, in sub-section (1), after the word “motion”, the words “, or otherwise,” shall be inserted;

(15) after section 56, the following new sections shall be inserted, namely:-

“56A. Agreement for the exchange of information.– (1) The Federal Government may enter into bilateral or multilateral agreements with provincial governments or with governments of foreign countries for the exchange of information, including electronic exchange of information, with respect to sales tax imposed under this Act or any other law of Pakistan and under the corresponding laws of such countries and may, by notification in the official Gazette, make such provisions as may be necessary for implementing such agreements.

(2) The provisions of section 107 of the Income Tax Ordinance, 2001 (XLIX of 2001) shall, *mutatis mutandis*, apply to the provisions of this section.

56B. Disclosure of information by a public servant.– (1) Any information acquired under any provision of this Act or in pursuance of a bilateral or multilateral agreement or tax information exchange agreement

shall be confidential and no public servant shall disclose any such information, except as provided under section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001).

(2) The provisions of section 216 of Income Tax Ordinance, 2001 (XLIX of 2001), shall, *mutatis mutandis*, apply to the provisions of this section.

56C. Prize schemes to promote tax culture.- The Board may prescribe prize schemes to encourage the general public to make purchases only from registered persons issuing tax invoices.”;

(16) after section 72C, a new section 72D shall be added, namely:–

“72D. Reward to whistleblowers.– (1) The Board may sanction reward to whistleblowers in cases of concealment or evasion of tax, tax fraud, corruption or misconduct providing credible information leading to such detection of tax fraud.

(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and also specify the apportionment of reward sanctioned under this section for whistleblowers.

(3) The claim for reward by the whistleblower shall be rejected if–

- (a) the information provided is of no value;
- (b) the Board already had the information;
- (c) the information was available in public records; or
- (d) no collection of taxes is made from the information provided from which the Board can pay the reward.

(4) For the purpose of this section, “whistleblower” means a person who reports concealment or evasion of sales tax and tax fraud leading to detection or collection of taxes, fraud, corruption or misconduct, to the competent authority having power to take action against the person or a sales tax authority committing fraud, corruption, misconduct, or involved in concealment or evasion of taxes.”;

(17) in the Fifth Schedule, in column (1), –

(a) against serial number 6, in column (2), the words “to the Export Processing Zones and” shall be omitted;

(b) after serial number 6, amended as aforesaid, the following new serial number and the entry relating thereto in column (2) shall be inserted, namely:-

“6A. Supplies of locally manufactured plant and machinery of the following specifications, to manufacturers in the Export Processing Zone, subject to the conditions, restrictions and procedure given below, namely:-

(i) Plant and machinery, operated by power of any description, as is used for the manufacture or production of goods by that manufacturer;

(ii) Apparatus, appliances and equipments specifically meant or adapted for use in conjunction with the machinery specified in clause (i);

- (iii) Mechanical and electrical control and transmission gear, meant or adapted for use in conjunction with machinery specified in clause (i); and
- (iv) Parts of machinery as specified in clauses (i), (ii) and (iii) identifiable for use in or with such machinery.

Conditions, restrictions and procedures:-

- (a) the supplier of the machinery is registered under the Act;
- (b) proper bill of export is filed showing registration number;
- (c) the purchaser of the machinery is an established manufacturer located in the Export Processing Zone and holds a certificate from the Export Processing Zone Authority to that effect;
- (d) the purchaser submits an indemnity bond in proper form to the satisfaction of the concerned Commissioner Inland Revenue that the machinery shall, without prior permission from the said Commissioner, not be sold, transferred or otherwise moved out of the Export Processing Zone before a period of five years from the date of entry into the Zone;

- (e) if the machinery is brought to tariff area of Pakistan, sales tax shall be charged on the value assessed on the bill of entry; and
 - (f) breach of any of the conditions specified herein shall attract legal action under the relevant provisions of the Act, besides recovery of the amount of sales tax along with default surcharge and penalties involved.”;
- (c) against serial number 9, in column (2), the words “who makes local supplies of both taxable and exempt goods” shall be omitted;
 - (d) against serial number 12, in column (2), in clause (ix), the words “including flavored milk” and the word and figure “and 0402.9900” shall be omitted; and thereafter clauses (x) to (xvi) shall be omitted;
- (18) in the Sixth Schedule, –
- (a) in Table-1, in column (1), –
 - (i) against serial number 19, in column (3), the comma and figure “1006.1010,” shall be omitted;
 - (ii) against serial number 20, in column (3), for the figure “1209.1000”, the figures and comma “1006.1010, 1209.1000” shall be substituted;
 - (iii) serial numbers 28, 39 and 56 and entries relating thereto in columns (2) and (3) shall be omitted;

(iv) for serial numbers 73 to 80 and the entries relating thereto in columns (2) and (3), the following serial numbers and the entries relating thereto shall be substituted, namely:-

“73.	Milk	04.01	
73A.	Milk and cream, concentrated or containing added sugar or other sweetening matter, excluding that sold in retail packing under a brand name	04.01 04.02	and
74.	Flavored milk, excluding that sold in retail packing under a brand name	0402.9900	
75.	Yogurt, excluding that sold in retail packing under a brand name	0403.1000	
76.	Whey, excluding that sold in retail packing under a brand name	04.04	
77.	Butter, excluding that sold in retail packing under a brand name	0405.1000	
78.	Desi ghee, excluding that sold in retail packing under a brand name	0405.9000	

79. Cheese, excluding that sold in retail packing under a brand name 0406.1010

80. Processed cheese not grated or powdered, excluding that sold in retail packing under a brand name 0406.3000”;

(v) against serial number 105, in column (2), after the word “Schedule”, the words “or Fifth Schedule” shall be inserted;

(vi) against serial number 114,-

(A) in column (2), in clause (1), after the word “equipment”, the words and comma “consisting of plastic covering and mulch film, anti-insect net and shade net” shall be inserted; and

(B) in column (3), for the figures and comma “8430.3100, 8430.3900”, the figures and commas “3920.1000, 3926.9099, 5608.1900, 5608.9000” shall be substituted;

(vii) after serial number 116 and the entries relating thereto in columns (2) and (3), the following new serial numbers and entries relating thereto in columns (1), (2) and (3) shall be added, namely:—

“117 Appliances for colostomy 3006.9100

118	Colostomy and urostomy bags	3926.9050
119	Tubular day lighting devices (TDDs)	8539.3930
120	Diagnostic kits or equipment, namely:- HIV Kits 4C Es Trionyx 5C Cell control Lnormal Bovine precision multi sera Pregnancy test DNA SSP DRB Generic IC Reticulocyte count (control) retic C Control Kit for vitamin B ₁₂ estimation Ferritin kit HEV (Hepatitis E virus) ID-DA Cell Urine Analysis Strips Albumin beg Cratinin sysi Ring Detektiion cups ISE Standard	3822.0000

Alkaline phosphatase (Alb)
Bilirubin kit
HDL Cholesterol
Ck creatinin kinase (mb)
Ck nac
Glucose kit
Ammonia Modular
Lac
Ldh kit (lactate dehydrogenase
kit)
Urea uv kit
Ua plus
Tina quant
Crp control
Aslo tin
Proteins
Lipids
HDL/LDL cholesterol
Protein kit
U
Control Sera
Pac
Control

HCV
UIBC (Unsaturated iron binding capacity)
U/CSF
Inorganic Phosphorus kit
Kit amplicon kit (for PCR)
Ige
Lc hsv
Oligo
NA/K/CL
Hcy
Standard [or calibrated]
Hla B27
Liss Coombs
Typhoid kit
HCV amp
Urine test strips
Strips for sugar test
Blood glucose test strips
Kits for automatic cell separator
for collection of platelets
Elisa or Eclia kit
PCR kits

Immunoblast (western blot test).

I.C.T. (Immunochromatographic kit)

CBC Reagent (For hematology analyzer) Complete blood count reagent

121	Blood Bag CPDA-1 with blood transfusion set pack in aluminum foil with set.	Respective headings
122	Urine drainage bags	Respective headings
123	Aircraft, whether imported or acquired on wet or dry lease	8802.4000
124	Maintenance kits for use in trainer aircrafts of PCT	Respective headings
	8802.2000 and 8802.3000	
125	Spare parts for use in aircrafts, trainer aircrafts or simulators	Respective headings
126	Machinery, equipment and tools for setting up maintenance, repair and overhaul (MRO) workshop by MRO company recognized by Aviation Division	Respective headings

127	Operational tools, machinery, equipment and furniture and fixtures on one-time basis for setting up Greenfield airports by a company authorized by Aviation Division	Respective headings
128	Aviation simulators imported by airline company recognized by Aviation Division	Respective headings
129	Import of plant, machinery and production line equipment used for the manufacturing of mobile phones by the local manufacturers of mobile phones duly certified by the Pakistan Telecommunication Authority	Respective headings”;

(b) in Table-2, in column (1), –

(a) serial numbers 13 and 14 and entries relating thereto in columns (2) and (3) shall be omitted;

(b) after serial number 16 and entries relating thereto in columns (2) and (3), the following new serial numbers and entries relating thereto in column (1), (2) and (3) shall be added, namely;–

“17. Raw and pickled hides and skins, 41.01,

	wet blue hides and skins	41.02, 41.03, 4104.1000, 4105.1000, 4106.2100, 4106.3000, 4106.9000
18.	Supplies made by manufacturers of marble and granite having annual turnover less than five million rupees even if their annual utility bill is more than eight hundred thousand rupees	Respective headings
19	Bricks (up to 30 th June, 2018)	6901.1000
20	Crushed stone (up to 30 th June, 2018)	2517.1000
21	Poultry feed, cattle feed, sunflower seed meal, rape seed meal and canola seed meal	2306.3000, 2306.4900, and respective headings”;

and

(c) in Table-3, in the Annexure, in column (1), serial numbers 10 and 16 and entries relating thereto in columns (2), (3) and (4) shall be omitted;

(19) in the Eighth Schedule, –

(a) in Table-1, in column (1), –

(i) against serial No. 1, in column (4), for the figure “5%”, the figure “10%” shall be substituted;

(ii) serial number 3, and entries relating thereto in columns (2), (3), (4) and (5) shall be omitted;

(iii) against serial **number 6**, in column (4), for the figure “5%”, the figure “10%” shall be substituted; and

(iv) after serial number 6 and the entries relating thereto in columns (2), (3), (4) and (5), amended as aforesaid, the following new serial numbers and entries relating thereto in columns (1), (2), (3), (4) and (5) shall be inserted; namely:–

“7.	Flavoured milk	0402.9900	10%	Sold in retail packing under a brand name
8.	Yogurt	0403.1000	10%	Sold in retail packing under a brand name
9.	Cheese	0406.1010	10%	Sold in retail packing under

				a brand name
10.	Butter	0405.1000	10%	Sold in retail packing under a brand name
11.	Cream	04.01 and 04.02	10%	Sold in retail packing under a brand name
12.	Desi ghee	0405.9000	10%	Sold in retail packing under a brand name
13.	Whey	04.04	10%	Sold in retail packing under a brand name
14.	Milk and cream, concentrated and added sugar or other sweetening matter	0402.1000	10%	Sold in retail packing under a brand name
15.	Ingredients of poultry feed, cattle feed, except soya bean meal of PCT heading 2304.0000 and oil-cake of	2301.2090, 2305.0000, 2306.2000, 2306.4100, 2306.5000, 2309.9010,	5%	

cottonseed falling 2309.9020,
under PCT heading 2309.9090,
2306.1000 2936.2100,
2936.2200,
2936.2300,
2936.2400,
2936.2500,
2936.2600,
2936.2700,
2936.2800,
and
2308.9000
(Guar
Meal),
2303.1000
(Corn
Gluton
Feed/Meal)
,
2303.1000
(Residues
of starch
manufactur

e and
similar
residues),
3507.9000
(Enzymes-
other),
2302.1000
(Maize
Bran),
2302.2000
(Rice
Bran),
2302.3000
(Wheat
Bran),
2302.4000
(Other
Cereals),
2302.5000
(Bran of
Leguminou
s Plants),
2306.7000

(Oil- cake
and other
solid
residues of
Maize
(corn)
germ),
2306.4900
(Sesame
Cake),
2306.9000
(Sesame
Meal/other
Meal),
2842.1000
(Double or
complex
silicates,
including
aluminosili
cates
whether or
not

chemically
defined),
2301.2010
(Fish
Meal),
0505.9000
(Poultry by
product
Meal),
and the
following
items only
of Feed
Grade:
2827.6000
(Potassium
Lodide),
2833.2990
(Manganese
Sulphate),
2833.2600
(Zinc
Sulphate),

2817.4000

(Zinc
Oxide),

2833.2500

(Copper
Sulphate),

2833.2910

(Ferrous
Sulphate),

2915.5000

(Propionic
acid, its
salts and
esters),

2930.4000

(DL
Methionine

),

2930.4000

(Methionin
e Hydroxy
Analogue
(liquid)),

2922.4100

(Lysine
Monohydro
Chloride
,/sulphate),

2923.2000

(Lecithins),

2923.9000

(Betafin),

2922.4290

(Arganine),

2934.9910

(Furazolido
ne),

2922.5000

(Threonine
) ,

2835.2600

(Mono
Calcium
Phosphate)

,

2835.2500

	(Di			
	Calcium			
	Phosphate)			
	, and			
	2835.2600			
	(Mono Di			
	Calcium			
	Phosphate)			
16.	Incinerators of	8417.8000,	5%	
	disposal of waste	8430.2000		
	management,	and		
	motorized sweepers	8479.8990		
	and snow ploughs			
17.	Re-importation of	99.18	5%	Subject to
	foreign origin goods			similar
	which were			conditions as
	temporarily exported			are envisaged
	out of Pakistan			for the
				purposes of
				customs duty
				under the
				Customs
				Act,1969, and

taxable value shall be the value determined under PCT heading 99.18 of the said Act increased by customs duty payable

18.	Reclaimed lead	Respective headings	5%	If supplied to recognized manufacturers of lead and lead batteries
19.	Waste paper	47.07	5%	If supplied locally
20.	Plant, machinery, equipment and specific items used in production of bio-diesel	Respective headings	5%	The Alternative Energy Development Board (AEDB), Islamabad shall certify in

the prescribed manner and format as per Annex-B, as given in the Sixth Schedule, that the imported goods are bonafide project requirement. The goods shall not be sold or otherwise disposed of within a period of five years of their import except with the prior approval of the FBR and payment of customs duties and taxes leviable at the time of import

21. Rapeseed, 1205.0000, 16% On import by

	sunflower seed and canola seed	1206.0000		solvent extraction industries
22.	Soya bean seed	1201.1000	6%	On import by solvent extraction industries, subject to the condition that no refund of input tax shall be admissible”;
23.	Secondhand and worn clothing or footwear	6309.0000	5%	
25.	Agricultural tractors	8701.9020	10%	
26.	Tillage and seed bed preparation equipment:		7%	
	(i) Rotavator	8432.8010		
	(ii) Cultivator	8432.2910		
	(iii) Ridger	8432.8090		
	(iv) Sub soiler	8432.3090		
	(v) Rotary slasher	8432.8090		
	(vi) Chisel plow	8432.1010		
	(vii) Ditcher	8432.1090		
	(viii) Border disc	8432.2990		

	(ix)	Disc harrow	8432.2100	
	(x)	Bar harrow	8432.2990	
	(xi)	Mould board plow	8432.1090	
	(xii)	Tractor rear or front blade	8430.6900	
	(xiii)	Land leveller or land planer	8430.6900	
	(xiv)	Rotary tiller	8432.8090	
	(xv)	Disc plow	8432.1090	
	(xvi)	Soil-scrapper	8432.8090	
	(xvii)	K.R.Karundi	8432.8090	
	(xviii)	Tractor mounted trancher	8701.9020	
	(xix)	Land leveler	8430.6900	
27.		Seeding or planting equipment:		7%
	(i)	Seed-cum- fertilizer drill (wheat, rice barley, etc.)	8432.3010	
	(ii)	Cotton or maize planter with fertilizer attachment	8432.3090	
	(iii)	Potato planter	8432.3090	
	(iv)	Fertilizer or manure spreader or	8432.4000	

	broadcaster	
(v)	Rice	8432.3090
	transplanter	
(vi)	Canola or	8432.3010
	sunflower drill	
(vii)	Sugarcane	8432.3090
	planter	
28.	Irrigation, drainage	7%
	and agro-chemical	8421.2100,
	application	8421.9990
	equipment:	8424.2010
(i)	Tubewells	8424.2010
	filters or	8424.2010
	strainers	8424.2010
(ii)	Knapsack	8424.2010
	sprayers	
(iii)	Granular	
	applicator	
(iv)	Boom or field	
	sprayers	
(v)	Self propelled	
	sprayers	
(vi)	Orchard	

		sprayer	
29.	(i)	Harvesting,	7%
		threshing and	8433.5200
		storage	8433.5200
		equipment:	8433.5900
	(ii)	Wheat	8433.5300
		thresher	8433.5200
	(iii)	Maize or	8433.5900
		groundnut	8433.4000
		thresher or	8433.5900
		sheller	8433.5900
	(iv)	Groundnut	8433.5900
		digger	8433.5900
	(v)	Potato digger	8433.5200
		or harvester	8433.5200
	(vi)	Sunflower	8716.8090
		thresher	8433.5900
	(vii)	Post hole	8433.5100
		digger	8433.5900
	(viii)	Straw balers	
	(ix)	Fodder rake	
	(x)	Wheat or rice	
		reaper	

- (xi) Chaff or
fodder cutter
- (xii) Cotton picker
- (xiii) Onion or
garlic
harvester
- (xiv) Sugar
harvester
- (xv) Tractor trolley
or forage
wagon
- (xvi) Reaping
machines
- (xvii) Combined
harvesters
- (xviii) Pruner/shears

30 Post-harvest handling and 7%
processing & miscellaneous
machinery:

	(i)	Vegetables and fruits cleaning and sorting or grading equipment	8437.1000		
	(ii)	Fodder and feed cube maker equipment	8433.4000		
31	Pesticides and their active ingredients registered by the Department of Plant Protection under the Agricultural Pesticides Ordinance, 1971(II of 1971), stabilizers, emulsifiers and	38.03	7%	In case of supplies, no input tax credit shall be admissible, except that of the tax paid under this serial number.”;	

solvents, namely:-

Xylol (xylenes) 2707.3000

- Beta Pinene / 2902.1990

Agrotin 527 /

Terpenic derivative

Toluene 2902.3000

Mixed xylene 2902.4400

isomers

Naphthalene 2902.9010

Solvesso-100, 150, 2902.9090

200

Ingredients for 2903.3040

pesticides

Cadusafos 2903.6900

Technical Material

Methanol (methyl 2905.1100

alcohol)

Propylene glycol 2905.3200

(propane-1, 2-diol)

- Adhesives 2905.4900

Polyvinyl Acetate

- Polyvinyl Alcohol

Ingredients for 2906.2910

pesticides

Other Ingredients 2906.2990

for pesticides

- Solvenon MP / 1- 2909.4910

Methoxy 2-

Propanol

- Methyglycol

Acetate

Methanal 2912.1100

(formaldehyde)

Cyclo-hexanone 2914.2200

and methyl- cyclo-

hexanones

- Cyclohexanon 2914.2990

- Cyclohexanone

Mixed petroleum

Xylene (1,2 & 1,3 &

1,4 dimethyl

benzene and ethyle

benzene)

Acetic anhydride 2915.2400

Ingredients for 2916.3920

pesticides

Diocetyl	2917.3200
orthophthalates	
Ingredients for	2918.9010
pesticides	
Ingredients for	2919.0010
pesticides	
Other Ingredients	2919.0090
for pesticides	
Endosulfan	2920.9020
Technical Material	
Other Ingredients	2920.9090
for pesticides	
Diethylamine and	2921.1200
its salts	
Ingredients for	2921.4310
pesticides	
Other Ingredients	2921.4390
for pesticides	
Ingredients for	2921.5110
pesticides	
Triethanolamine	2922.1300
and its salts	
Dimethyl	2924.1990

Formamide (DMF)	
Ingredients for pesticides	2924.2930
Other Ingredients for pesticides	2924.2990
Alpha cyano, 3-phenoxybenzyl (-) cis, trans 3-(2,2-dicloro vinyl) 2,2 dimethyl cyclopropane carboxylate	2926.9010
(S) Alpha cyano, 3-phenoxybenzyl (S)-2-(4, chloro phenyl)-3 mehtyl butyrate	2926.9020
Cyano, 3-phenony benzyl 2,2,3,3 tetra methyl cyclopropane carboxalate	2926.9030
- Cypermethrin,	2926.9050

Alpha
Cypermethrin,
Beta-Cypermethrin,
Zeta-Cypermethrin,
Lambda
Cylalothrin,
Deltamethrin,
Fenpropathrin,
Esfenvalerate,
Bifenthrin
Technical Material-
Acetamiprid,
Imidacloprid
Technical Material-
Monomehypo,
Chlorothalonil
Technical Material-
Bromoxynil
Technical Material
Other nitrite 2926.9090
compounds-
Cyfluthrin, Beta
Cyfluthrin

Technical Material	
2-N, N-Dimethyl	2930.2010
amino-I sodium	
thiosulphate, 3-	
thiosulfourropane	
Ingredients for	2930.2020
pesticides	
2- N,N-	2930.9010
dimethy-amino 1,3	
disodium	
thiosulphate	
propane	
O,S-dimethyl	2930.9020
phosphoramidothi	
oate	
S-S (2 dimethyl	2930.9030
amino	
(trimethylene) bis	
(thio carbamate)	
Diafethiuran	2930.9040
technical	
(itertbutyl) 3-2-6	
disopropyl (4-	

phenoxyphenyl)
 thiourene
 O-O diethyl O- 2930.9050
 (3,5,6 trichloro
 pyridinyl)
 phosphorothioate
 O-(4-bromo, 2- 2930.9060
 chloro phenyl) o-
 ethyl s-propyl
 (phosphorothioate)
 O,O duethyl O- 2930.9070
 (3,5,6-trichloro 2-
 pyridyl)
 phosphorothioate
 Ingredients for 2930.9080
 pesticides
 Other 2930.9090
 organosulpher
 compounds
 - Ethion,
 Methamidophos
 Technical Material
 - Dimethylsulfoxid

Ingredients for pesticides	2931.0010
Other Ingredients for pesticides	2931.0090
Ingredients for pesticides	2932.2920
2,3 Dihydro 2-2 dimethyl-7 benzo furanyl methyl- carbamate	2932.9910
Other ingredients for pesticides - Carbosulfan	2932.9990
Technical Material	
Fipronil	2933.1900
Ingredients for pesticides	2933.3930
Other Ingredients for pesticides - Chlorpyrifos, Triazophos, Diazinon Technical Material	2933.3990 2933.5950

Other Ingredients	2933.5990
for pesticides	
Pyrimethanine	2933.6910
Ingredients for	2933.6940
pesticides	
- Atrazine	2933.6990
Technical Material	
Isatin (lactam of	2933.7910
istic acid)	
1-Vinyl-2-pyrrol-	2933.7920
idone	
- Triazophos	2933.9910
Technical Material	
Ingredients for	2934.1010
pesticides	
Ingredients for	2934.9920
pesticides	
-Methyl	2938.9010
benzimidazol – 2 –	
ylcarbamate.	
-Dicopper chloride	
trihydroxide	
Ingredients for	2939.9910

pesticides	
- Abamectin,	2941.9050
Emamectin	
Technical Material	
Other Ingredients	2941.9090
for pesticides	
Sulphonic acid	3402.1110
(Soft)	
Other surface	3402.1190
active agents	
Cationic	3402.1290
Non ionic surface	3402.1300
active agents	
Other organic	3402.1990
surface active	3402.9000
agents	
Chemical	3824.9099
preparations	

; and

(b) in Table-2,–

(i) in the preamble, after the words “five percent”, the commas and words “, except goods mentioned in serial numbers 1, 5

and 6 of the Annexure which shall be charged at the rate of ten percent,” shall be inserted; and

- (ii) in the Annexure, in column (1), serial numbers 3 and 7 and entries relating thereto in columns (2), (3) and (4) shall be omitted; and

(20) in the Ninth Schedule,–

(a) in the Table,–

- (i) in column (3), in the heading, for the expression “(payable by importer at the time of import)”, the words “or local supply” shall be substituted; and

- (ii) in column (1), against S. No. 2, in columns (3) and (4), –

(A) for the figure “150”, the figure “300” shall be substituted;

(B) for the figure “250”, the figure “500” shall be substituted; and

(C) for the figure “500”, the figure “1000” shall be substituted.”; and

- (b) under the heading “LIABILITY, PROCEDURE AND CONDITIONS”, after clause (vi), the following new clause shall be inserted, namely:–

“(via) The sales tax as indicated in column (3) of the Table above shall be paid by the importer, in case of imports,

and by the manufacturer, in case of locally manufactured cellular mobile phones.”.

4. **Amendment of Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001).**— In the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001), the following further amendments shall be made, namely:—

- (1) in section 3,—
 - (a) in sub-section (1), for the words “rate of sixteen per cent” the words “rates specified in column (4) of the Schedule to this Ordinance” shall be substituted;
 - (b) in sub-section (2), after the words “specified in”, the words brackets and figure “column (2) of” shall be inserted; and
- (2) for the Schedule, the following shall be substituted, namely:—

“THE SCHEDULE

[See section 3(2)]

S. No.	Description	PCT Heading, if applicable	Rate of Tax
(1)	(2)	(3)	(4)
1	Services provided or rendered by hotels, motels, guest houses, marriage halls and lawns (by whatever name called) including “ <i>pandal</i> ” and “ <i>shamiana</i> ” services, clubs including race clubs, and caterers.	9801.1000 9801.3000 9801.4000 9801.5000 9801.6000	Sixteen per cent

2	Advertisement on television and radio, excluding advertisements— (a) sponsored by an agency of the Federal or Provincial Government for health education; (b) sponsored by the Population Welfare Division relating to educational promotion campaign; (c) financed out of funds provided by a Government under grant-in-aid agreement; and (d) conveying public service messages, if telecast on television by the World Wide Fund for Nature (WWF) or United Nations Children’s Fund (UNICEF)	9802.1000 and 9802.2000	Sixteen per cent
3	Services provided by persons authorized to transact business on behalf of others— (a) stevedore; (b) customs agents; and (c) ship chandlers.	9805.2000 9805.4000 and 9805.8000	Sixteen per cent
4	Courier services and cargo services by road provided by courier companies;	9808.0000 9804.9000	Sixteen per cent

5	Construction services, excluding: (i) construction projects (industrial and commercial) of the value (excluding actual and documented cost of land) not exceeding Rs. 50 million per annum. (ii) the cases where sales tax is otherwise paid as property developers or promoters. (iii) Government civil works including Cantonment Boards. (iv) construction of industrial zones, consular buildings and other organizations exempt from income tax. (v) construction work under international tenders against foreign grants-in-aid. (vi) Residential construction projects where the covered area does not exceed 10,000 square feet for houses and 20,000 square feet for apartments	9824.0000 and 9814.2000	Sixteen per cent
6	Services provided by property developers and promoters (including allied services) excluding the actual purchase value or	9807.0000 and respective sub-	Rs.100 per square yard for land

	documented cost of land.	headings of heading 98.14	development, and Rs.50 per square feet for building construction
7	Services provided by persons engaged in contractual execution of work, excluding: (i) annual total value of the contractual works or supplies does not exceed Rs.50 million; (ii) the contract involving printing or supplies of books.	9809.0000	Sixteen per cent
8	Services provided for personal care by beauty parlours, clinics and slimming clinics, body massage centres, pedicure centres; including cosmetic and plastic surgery by such parlours/clinics, but excluding: (i) annual turnover does not exceed Rs.3.6 million; or (ii) the facility of air-conditioning is not installed or available in the premises.	9810.0000 9821.4000 and 9821.5000	Sixteen per cent

9	Management consultancy services	9815.4000, 9819.9300	Sixteen per cent
10	Services provided by freight forwarding agents, and packers and movers.	9805.3000, 9819.1400	Sixteen per cent or Rs. 400 per bill of lading, whichever is higher
11	Services provided by software or IT-based system development consultants.	9815.6000	Sixteen per cent
12	Services provided by technical, scientific and engineering consultants	9815.5000	Sixteen per cent
13	Services provided by other consultants including but not limited to human resource and personnel development services; market research services and credit rating services.	9815.9000 9818.3000 9818.2000	Sixteen per cent
14	Services provided by tour operators and travel agents including all their allied services or facilities (other than Hajj and Umrah)	9805.5100 9805.5000 9803.9000	Sixteen per cent
15	Manpower recruitment agents including labour and manpower supplies.	9805.6000	Sixteen per cent

16	Services provided by security agencies.	9818.1000	Sixteen per cent
17	Services provided by advertising agents	9805.7000	Sixteen per cent
18	Share transfer or depository agents including services provided through manual or electronic book-entry system used to record and maintain securities and to register the transfer of shares, securities and derivatives.	9805.9000	Sixteen per cent
19	Business support services.	9805.9200	Sixteen per cent
20	Services provided by fashion designers, whether relating to textile, leather, jewellery or other product regimes, including allied services, marketing, packing, delivery and display, etc.	9819.6000	Sixteen per cent
21	Services provided by architects, town planners and interior decorators.	9814.1000 9814.9000	Sixteen per cent
22	Services provided in respect of rent-a-car.	9819.3000	Sixteen per cent
23	Services provided by specialized workshops or undertakings (auto- workshops; workshops for industrial machinery, construction and earth- moving machinery or other special purpose machinery etc; workshops for electric or	98.20	Sixteen per cent

electronic equipments or appliances etc.
including computer hardware; car washing
or similar service stations and other
workshops).

24	Services provided for specified purposes including fumigation services, maintenance and repair (including building and equipment maintenance and repair including after sale services) or cleaning services, janitorial services, dredging or de-silting services and other similar services etc.	98.22	Sixteen per cent
25	Services provided by underwriters, indenters, commission agents including brokers (other than stock) and auctioneers	9819.1100, 9819.1200, 9819.1300 and 9819.9100	Sixteen per cent
26	Services provided by laboratories other than services relating to pathological or diagnostic tests for patients.	98.17	Sixteen per cent
27	Services provided by health clubs, gyms, physical fitness centres, indoor sports and games centres and body or sauna	9821.1000 and 9821.2000	Sixteen per cent

	massage centres	9821.4000	
28	Services provided by laundries and dry cleaners.	9811.0000	Sixteen per cent
29	Services provided by cable TV operators.	9819.9000	Sixteen per cent
	Technical analysis and testing services	9819.9400	Sixteen per cent
30	Services provided by TV or radio program producers or production houses.	--	Sixteen per cent
31	Transportation through pipeline and conduit services.	--	Sixteen per cent
32	fund and asset (including investment) management services.	--	Sixteen per cent
33	Services provided by inland port operators (including airports and dry ports) and allied services provided at ports and services provided by terminal operators including services in respect of public bonded warehouses, excluding the amounts received by way of fee under any law or by-law.	--	Sixteen per cent
34	Technical inspection and certification services and quality control (standards' certification) services	--	Sixteen per cent

35	Erection, commissioning and installation services.	--	Sixteen per cent
36	Event management services	--	Sixteen per cent
37	Valuation services (including competency and eligibility testing services),	--	Sixteen per cent
38	Exhibition or convention services	--	Sixteen per cent
39	Services provided in respect of mining of minerals, oil & gas including related surveys and allied activities	--	Sixteen per cent
40	Services provided by property dealers and realtors.	--	Sixteen per cent
41	Call centres.	--	Eighteen and a half per cent
42	Services provided by car/automobile dealers.	--	Sixteen per cent”;

5. **Amendment of Ordinance, XLIX of 2001**.— In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

(1) in section 2,-

(a) after clause (13A), the following new clause shall be inserted, namely:-

“(13AA) “consumer goods” means goods that are consumed by the end consumer rather than used in the production of another good;”;

- (b) after clause (17D) following new clause shall be inserted, namely:-
“Developmental REIT Scheme” means Developmental REIT Scheme as defined under the Real Estate Investment Trust Regulations, 2015;
- (c)
- (d) after clause (22), the following new clause shall be inserted, namely:-
“(22A) “fast moving consumer goods” means consumer goods which are supplied in retail marketing as per daily demand of a consumer;”;
- (e) after clause (28), the following new clause shall be inserted, namely:-
“(28A) “imputable income” in relation to an amount subject to final tax means the income which would have resulted in the same tax, had this amount not been subject to final tax;”;
- (f) in clause (29), for the word and figure “and 236M” a comma, word and figures “, 236M and 236N” shall be substituted;
- (g) after clause (42), the following new clause shall be inserted, namely:-
“(42A) “PMEX” means Pakistan Mercantile Exchange Limited a futures commodity exchange company incorporated under the Companies Ordinance, 1984 (XLVII of 1984) and is

licensed and regulated by the Securities and Exchange Commission of Pakistan;”

(h) for clause (47A), the following shall be substituted, namely:-

“(47A) “REIT Scheme” means a REIT Scheme as defined in the Real Estate Investment Trust Regulations 2015;”;

(i) in clause (47B),

(i) for the letters “REITMC” the letters “RMC” shall be substituted;

(ii) for the figure “2008” the figure “2015” shall be substituted;

(j) after clause (47B), the following new clauses shall be inserted, namely:-

(47C) “Rental REIT Scheme” means a Rental REIT Scheme as defined under the Real Estate Investment Trust Regulations, 2015;”;

(k) in clause (59A), in sub-clause (i), for the word “twenty-five”, the word “fifty” shall be substituted; and

(l) after clause (74), the following new clause shall be added, namely:-

“(75) “whistleblower” means whistleblower as defined in section 227B;

(2) after section 4, the following new section shall be inserted, namely:-

“4B. Super tax for rehabilitation of temporarily displaced persons.—(1) A super tax shall be imposed for rehabilitation of temporarily displaced persons, for tax year 2015, at the rates specified in

Division IIA of Part I of the First Schedule, on income of every person specified in the said Division.

(2) For the purposes of this section, "income" shall be the sum of the following:-

- (i) profit on debt, dividend, capital gains, brokerage and commission;
- (ii) taxable income under section (9) of this Ordinance if not included in clause (i);
- (iii) imputable income as defined in clause (28A) of section 2 excluding amounts specified in clause (i); and
- (iv) income computed under Fourth, Fifth, Seventh and Eighth Schedule.

(3) The super tax payable under sub-section (1) shall be paid, collected and deposited on the date and in the manner as specified in sub-section (1) of section 137 and all provisions of Chapter X of the Ordinance shall apply.

(4) Where the super tax is not paid by a person liable to pay it, the Commissioner shall by an order in writing, determine the Super tax payable, and shall serve upon the person, a notice of demand specifying the super tax payable and within the time specified under section 137 of the Ordinance.

(5) Where the super tax is not paid by a person liable to pay it, the Commissioner shall recover the super tax payable under sub-section (1)

and the provisions of Part IV,X, XI and XII of Chapter X and Part I of Chapter XI of the Ordinance shall, so far as may be, apply to the collection of super tax as these apply to the collection of tax under the Ordinance.

(6) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.”;

(3) after section 5, the following new section shall be inserted, namely:-

“5A. Tax on undistributed reserves.- (1) Subject to this Ordinance, a tax shall be imposed at the rate of ten percent, on every public company other than a scheduled bank or a modaraba, that derives profits for a tax year but does not distribute cash dividends within six months of the end of the said tax year or distributes dividends to such an extent that its reserves, after such distribution, are in excess of hundred percent of its paid up capital, so much of its reserves as exceed hundred per cent of its paid up capital shall be treated as income of the said company:

Provided that for tax year 2015, cash dividends may be distributed before the due date mentioned in sub-section (2) of section 118, for filing of return for tax year 2015.

(2) The provisions of sub-section (1) shall not apply to—

(a) a public company which distributes profit equal to either forty per cent of its after tax profits or fifty per cent of its paid up capital , whichever is less, within six months of the end of the tax year;

(b) a company qualifying for exemption under clause (132) of Part I of the Second Schedule; and

(c) a company in which not less than fifty percent shares are held by the Government.

(3) For the purpose of this section, 'reserve' includes amounts set-aside out of revenue or other surpluses excluding capital reserves, share premium reserves and reserves required to be created under any law, rules or regulations.”;

(4) after section 7, the following new section shall be inserted, namely:—

“7A. Tax on shipping of a resident person.— (1) In the case of any resident person engaged in the business of shipping, a presumptive income tax shall be charged in the following manner, namely:-

(a) ships and all floating crafts including tugs, dredgers, survey vessels and other specialized craft purchased or bare-boat chartered and flying Pakistan flag shall pay tonnage tax of an amount equivalent to one US \$ per gross registered tonnage per annum; and

(b) ships, vessels and all floating crafts including tugs, dredgers, survey vessels and other specialized craft not registered in Pakistan and hired under any charter other than bare-boat charter shall pay tonnage tax of an amount equivalent to fifteen US cents per ton of gross registered tonnage per chartered voyage provided that such tax shall not exceed one US \$ per ton of gross registered tonnage per annum:

Explanation.- For the purpose of this section, the expression “equivalent amount” means the rupee equivalent of a US dollar according to the exchange rate prevalent on the first day of December in the case of a company and the first day of September in other cases in the relevant assessment year.

- (2) The provisions of this section shall not be applicable after 30th June, 2020.”;
- (5) after section 7A, amended as aforesaid, the following new section shall be added, namely,-
- “7B. Tax on profit on debt.—** (1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division IIIA of Part I of the First Schedule, on every person, other than a company, who receives a profit on debt from any person mentioned in clause (a) to (d) of sub-section (1) of section 151.
- (2) The tax imposed under sub-section (1) on a person, other than a company, who receives a profit on debt shall be computed by applying the relevant rate of tax to the gross amount of the profit on debt.
- (3) This section shall not apply to a profit on debt that is exempt from tax under this Ordinance.”
- (5A) in section 8,-
- (a) for the words and figures “6 and 7”, wherever occurring, the expression “5A, 6, 7, 7A and 7B” shall be substituted; and

- (b) in clause (d) for the words and figures “6 or 7”, the expression “5A, 6, 7, 7A or 7B” shall be substituted;
- (6) in section 12, in sub-section (2), in clause (a),-
- (a) the colon at the end shall be omitted; and
- (b) the proviso shall be omitted;
- (7) in section 15A, in sub-section (1), for clause (h), the following shall be substituted, namely:—
- “(h) any expenditure, not exceeding six per cent of the rent chargeable to tax in respect of the property for the year computed before any deduction allowed under this section, paid or payable by the person in the year wholly and exclusively for the purpose of deriving rent chargeable to tax under the head, “Income from Property” including administration and collection charges;”;
- (7A) in section 23A, in sub-section (1), after the word “areas” the words “or engaged in the manufacturing of cellular mobile phones and qualifying for exemption under clause (126N) of Part I of the Second Schedule” shall be inserted;
- (8) in section 37A, in sub-section (1), the words “held for a period of less than a year” shall be omitted;
- (9) in section 53;-
- (a) in sub-section (2), after the word “time”, occurring for the second time, the commas and words “pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever

circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in taxes, development of backward areas and implementation of bilateral and multilateral agreements” shall be inserted;

- (b) after sub-section (3), the following new sub-section shall be added, namely:-

“(4) Any notification issued after the promulgation of Finance Act, 2015, under sub-section (2) shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued”;

- (10) in section 62, in sub-section (2), in clause (c), after the word “one”, the words “and a half” shall be inserted;

- (11) section 64 shall be omitted and thereafter the following new sections shall be inserted, namely:-

“64A. Deductible allowance for profit on debt. — (1) Every individual shall be entitled to a deductible allowance for the amount of any profit or share in rent and share in appreciation for value of house paid by the individual in a tax year on a loan by a scheduled bank or non-banking finance institution regulated by the Securities and Exchange Commission of Pakistan or advanced by Government or the Local Government, Provincial Government or a statutory body or a public company listed on a

registered stock exchange in Pakistan where the individual utilizes the loan for the construction of a new house or the acquisition of a house.

(2) The amount of an individual's deductible allowance allowed under sub-section (1) for a tax year shall not exceed fifty percent of taxable income or one million rupees, whichever is lower.

(3) Any allowance or part of an allowance under this section for a tax year that is not able to be deducted for the year shall not be carried forward to a subsequent tax year.

64B. Tax credit for employment generation by manufacturers.— (1) Where a taxpayer being a company formed for establishing and operating a new manufacturing unit sets up a new manufacturing unit between 1st day of July, 2015 and 30th of June, 2018, it shall be given a tax credit for a period of ten years.

(2) The tax credit under sub-section (1) for a tax year shall be equal to one percent of the tax payable for every fifty employees registered with The Employees Old Age Benefits Institution or the Employees Social Security Institutions of Provincial Governments during the tax year, subject to a maximum of ten percent of the tax payable.

(3) Tax credit under this section shall be admissible where—

(a) the company is incorporated and manufacturing unit is setup between the first day of July, 2015 and 30th day of June, 2018, both days inclusive;

- (b) employs more than fifty employees in a tax year registered with The Employees Old Age Benefits Institution and the Employees Social Security Institutions of Provincial Governments;
- (c) manufacturing unit is managed by a company formed for operating the said manufacturing unit and registered under the Companies Ordinance, 1984 (XLVII of 1984) and having its registered office in Pakistan; and
- (d) the manufacturing unit is not established by the splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan at any time before 1st July 2015.

(4) Where any credit is allowed under this section and subsequently it is discovered, on the basis of documents or otherwise, by the Commissioner that any of the conditions specified in this section were not fulfilled, the credit originally allowed shall be deemed to have been wrongly allowed and the Commissioner may, notwithstanding anything contained in this Ordinance, re-compute the tax payable by the taxpayer for the relevant year and the provisions of this Ordinance shall, so far as may be, apply accordingly.

(5) For the purposes of this section a manufacturing unit shall be treated to have been setup on the date on which the manufacturing unit is

ready to go into production, whether trial production or commercial production.”;

- (12) in section 65, after sub-section (5), the following new sub-section shall be added, namely:-

“(6) Where the person is entitled to a tax credit under section 65B, 65D or 65E, provisions of clause (d) of sub-section (2) of section 169 and clause (d) of sub-section (1) of section 113 shall not apply.”;

- (12A) in section 65B, in sub-section (2), for the figure “2015” the figure “2016” shall be substituted;

- (13) in section 65C, in sub-section (1), for the word “fifteen”, the word, “twenty” shall be substituted;

- (14) in section 65E, in sub-section (5), for the words, brackets and figure “in respect of the tax year in which the plant or machinery referred to in sub-section (1) is installed and for the subsequent four years” the commas and words “, for a period of five years beginning from the date of setting up or commencement of commercial production from the new plant or expansion project, whichever is later” shall be substituted;

- (15) in section 94, in sub-section (2), the word “resident” shall be omitted;

- (16) in section 100C,—

(a) in sub-section (1), before the word “Non-profit” the words “The income of” shall be inserted; and

(b) in sub-section (2),

(i) after the word "Persons" the word "and incomes" shall be inserted; and

(ii) in clause (c), the word and hyphen "sub-" shall be omitted;

(17) in section (107),-

(a) for sub-section (1), the following shall be substituted, namely:-

"(1) The Federal Government may enter into an agreement, bilateral or multilateral with the government or governments of foreign countries or tax jurisdictions for the avoidance of double taxation and the prevention of fiscal evasion and exchange of information including automatic exchange of information with respect to taxes on income imposed under this Ordinance or any other law for the time being in force and under the corresponding laws in force in that country, and may, by notification in the official Gazette make such provisions as may be necessary for implementing the agreement."; and

(b) after sub-section (1), the following new sub-sections shall be inserted, namely:-

"(1A) Notwithstanding anything contained in any other law to the contrary, the Board shall have the powers to obtain and collect information when solicited by another country under a tax treaty, a tax information exchange agreement, a

multilateral convention, an inter-governmental agreement, a similar arrangement or mechanism.

(1B) Notwithstanding the provisions of the Freedom of Information Ordinance, 2002 (XCVI of 2002), any information received or supplied, and any concomitant communication or correspondence made, under a tax treaty, a tax information exchange agreement, a multilateral convention, a similar arrangement or mechanism, shall be confidential subject to subsection (3) of section 216.”;

(18) in section 113A, after sub-section (2), the following sub-section shall be added, namely:-

“(3) This section shall not have effect till 30th June, 2018”

(19) in section 113B, for the expression “at the rates as the Federal Government may notify in the official Gazette” the words “at the rate of two per cent of the value of land notified by any authority for the purpose of stamp duty” shall be substituted;

(19A) in section 113C,-

(a) in sub-section (1), after the word “company” the expression “in respect of income which is subject to tax under Division II of Part I of the First Schedule or minimum tax under any of the provisions of this Ordinance” shall be inserted;

(b) in sub-section (2), for clause (c), the following shall be substituted, namely:-

“(c) Corporate tax” means higher of tax payable by the company under Division II of Part I of the First Schedule and minimum tax payable under any of the provisions of this Ordinance.”;

(c) in sub-section (8), —

(i) for clause (ii), the following shall be substituted, namely:-

“(ii) income which is subject to tax other than under Division II of Part I of the First Schedule or minimum tax under any of the provisions of this Ordinance; and”

(ii) in clause (iii), for the expression “ and 65E;” the expression “, 65E and 100C” shall be substituted;

(iii) clauses (iv) and (v) shall be omitted;

(d) in sub-section (10), for the word “section” the words and figures “sections 64B and” shall be substituted;

(e) after sub-section (11), the following explanation shall be added, namely:-

“Explanation.-- For the removal of doubt, it is clarified that taxes paid or payable other than payable under Division II of Part I of the First Schedule shall remain payable in accordance with the mode or manner prescribed under the respective provisions of this Ordinance.”

(20) in section 114, in sub-section (6), in the proviso, for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:-

“Provided further that the condition specified in clause (ba) shall not apply if revised return is filed within 60 days of filing of return:

Provided further that where the Commissioner has not made an order of approval in writing, for revision of return, before the expiration of sixty days from the date when the revision of return was sought, the approval required under clause (ba) shall be deemed to have been granted by the Commissioner, and condition specified in clause (ba) shall not apply:

Provided further that the mode and manner for seeking the revision shall be as prescribed by the Board.”;

(20A) in section 118, in sub-section (2A), for the full stop and the end a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that the Board may amend the condition specified in this sub-section or direct that the said condition shall not apply for a tax year.”;

(21) in section 121, in sub-section (1), in clause (d), after for the word “or “ appearing for the first time the expression “a special audit panel appointed under sub-section (11) of section 177 or” shall be substituted;

(22) in section 128, after sub-section (1A), the following new sub-section shall be inserted, namely:-

“(1AA) The Commissioner (Appeals), after affording opportunity of being heard to the Commissioner against whose order appeal has been made, may stay the recovery of such tax for a further period of thirty days, provided that the order on appeal shall be passed within the said period of thirty days.”

- (23) in section 137, in sub-section (2),
- (a) for the word “fifteen” the word “thirty” shall be substituted;
 - (b) in the first proviso, for the word “sixty”, the word, “forty-five” shall be substituted; and
 - (c) in the second proviso, for the word “sixty”, the word, “forty-five” shall be substituted;

- (24) in section 147, for sub-section (4A), the following shall be substituted, namely:-

“(4A) Any taxpayer who is required to make payment of advance tax in accordance with sub-section (4), shall estimate the tax payable for the relevant tax year, at any time before the second installment is due. In case the tax payable is likely to be more than the amount that the taxpayer is required to pay under sub-section (4), the taxpayer shall furnish to the Commissioner on or before the due date of the second quarter an estimate of the amount of tax payable by the taxpayer and thereafter pay fifty per cent of such amount by the due date of the second quarter of the tax year after making adjustment for the amount (if any) already paid in terms of

sub-section (4). The remaining fifty per cent of the estimate shall be paid after the second quarter in two equal installments payable by the due date of the third and fourth quarter of the tax year.”;

(25) in section 148, sub-section (2) shall be omitted and thereafter the following new sub-section shall be inserted namely:-

“(2A) Notwithstanding omission of sub-section (2), any notification issued under the said sub-section and for the time being in force, shall continue to remain in force, unless rescinded by the Board through notification in the official Gazette.”;

(26) after section 148, the following new section shall be inserted, namely:—

“148A. Tax on local purchase of cooking oil or vegetable ghee by certain persons.— (1)The manufacturers of cooking oil or vegetable ghee, or both, shall be chargeable to tax at the rate of two percent on purchase of locally produced edible oil.

(2) The tax payable under sub-section (1) shall be final tax in respect of income accruing from locally produced edible oil.”;

(27) in section 151, for sub-section (3), the following shall be substituted, namely:-

“(3) Tax deductible under this section shall be a final tax on the profit on debt arising to a taxpayer, except where:

(a) taxpayer is a company; or

(b) profit on debt is taxable under section 7B.”;

(28) in section 152, after sub-section (4), the following new sub-section shall be inserted; namely:-

“ (4A) The Commissioner may, on application made by the recipient of a payment referred to in sub-section (2A) and after making such inquiry as the Commissioner thinks fit, may allow in cases where the tax deductible under sub-section (2A) is adjustable, by order in writing, any person to make the payment, without deduction of tax or deduction of tax at a reduced rate.”;

(29) in section 153, in sub-section (3), in the proviso, in clause (c), for the full stop, at the end, a semicolon and the word “and” shall be substituted and thereafter the following new clause shall be added, namely:-

“(d) tax deducted under clause (c) of sub-section (1) in respect of a sportsperson shall be final tax with effect from tax year 2013.”;

(30) in section 154, after sub-section (4), the following new sub-section shall be added, namely:—

“(5) The provisions of sub-section (4) shall not apply to a person who opts not to be subject to final taxation:

Provided that this sub-section shall be applicable from tax year 2015 and the option shall be exercised every year at the time of filing of return under section 114:

Provided further that the tax deducted under this sub-section shall be minimum tax.”;

(30A) in section 158, after clause (b), the following new clause shall be added, namely:-

“(c) amount actually paid shall have the meaning as may be prescribed.”;

(31) in section 159, sub-sections (3), (4) and (5) shall be omitted and thereafter the following new sub-section shall be inserted namely:-

“(6) Notwithstanding omission of sub-section (3), (4) and (5) any notification issued under the said sub-sections and for the time being in force, shall continue to remain in force, unless rescinded by the Board through notification in the official Gazette.”;

(32) in section 161, in sub-section (1B), for the word “eighteen” the word “twelve” shall be substituted;

(33) after section 165A, the following new section shall be inserted, namely:-

“165B. Furnishing of information by financial institutions including banks. — (1) Notwithstanding anything contained in any law for the time being in force including but not limited to the Banking Companies Ordinance, 1962 (LVII of 1962), the Protection of Economic Reforms Act, 1992 (XII of 1992), the Foreign Exchange Regulation Act, 1947 (VII of 1947) and any regulations made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956), on the subject every financial institution shall make arrangements to provide information regarding non-resident Persons to

the Board in the prescribed form and manner for the purpose of automatic exchange of information under bilateral agreement or multilateral convention.

(2) Subject to section 216, all information received under this section shall be used only for tax and related purposes and kept confidential.”;

(34) in section 169, in sub-section (1),—

- a) after the word “collected” the words “or paid” shall be inserted; and
- b) in clause (a), after the figure “148”, the comma and figure “, 148A” shall be inserted;

(35) in section 171, in sub-section (1), for the word “fifteen” the words “KIBOR plus 0.5 per cent” shall be substituted;

(36) in section 176,

(a) in sub-section (1), for clause (a), the following new clause shall be substituted, namely:-

“(a) to furnish to the Commissioner or an authorised officer, any information relevant to any tax leviable under this Ordinance or to fulfill any obligation under any agreement with foreign government or governments or tax jurisdiction, as specified in the notice; or”;

and

(b) after sub-section (1), the following new sub-section shall be added, namely:-

“(1A) A special audit panel appointed under sub-section (11) of section 177, for any tax year, may, with the prior approval of the Commissioner concerned, enter the business premises of a taxpayer, to obtain any information, require production of any record, on which the required information is stored and examine it within such premises and such panel may if specifically delegated by the Commissioner, also exercise the powers as provided in sub-section (4).”;

(37) in section 177, after sub-section (10), the following new sub-sections shall be added, namely:-

“(11) The Board may appoint as many special audit panels as may be necessary, comprising two or more members from the following:-

- (a) an officer or officers of Inland Revenue;
- (b) a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961);
- (c) a firm of Cost and Management Accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966); or
- (d) any other person as directed by the Board,

to conduct an audit, including a forensic audit, of the income tax affairs of any person or classes of persons and the scope of such audit shall be as determined by the Board or the Commissioner on case to case basis.

(12) Special audit panel shall be headed by a Chairman who shall be an officer of Inland Revenue.

(13) Powers under sections 175 and 176 for the purposes of conducting an audit under sub-section (11), shall only be exercised by an officer or officers of Inland Revenue, who are member or members of the special audit panel, and authorized by the Commissioner.

(14) Notwithstanding anything contained in sub-sections (2) and (6), where a person fails to produce before the Commissioner or a special audit panel under sub-section (11) to conduct an audit, any accounts, documents and records, required to be maintained under section 174 or any other relevant document, electronically kept record, electronic machine or any other evidence that may be required by the Commissioner or the panel, the Commissioner may proceed to make best judgment assessment under section 121 of this Ordinance and the assessment treated to have been made on the basis of return or revised return filed by the taxpayer shall be of no legal effect.

(15) If any one member of the special audit panel, other than the Chairman, is absent from conducting an audit, the proceedings of the audit may continue, and the audit conducted by the special audit panel

shall not be invalid or be called in question merely on the ground of such absence.

(16) Functions performed by an officer or officers of Inland Revenue as members of the special audit Panel, for conducting audit, shall be treated to have been performed by special audit panel.

(17) The Board may prescribe the mode and manner of constitution, procedure and working of the special audit panel.”;

(38) in section 181, in sub-section (3) for the colon at the end a full stop shall be substituted and the proviso thereafter shall be omitted and thereafter the following new sub-section shall be inserted, namely:-

“(4) From tax year 2015 and onwards, in case of individuals having Computerized National Identity Card (CNIC) issued by the National Database and Registration Authority, CNIC shall be used as National Tax Number.”;

(39) in section 182, in sub-section (1), in the Table, in column (1),-

(a) against S.No (1A), in column (3), for the word “fifty”, the word “ten” shall be substituted;

(b) against S.No. (IAA), in column (3), for the expression “Rs.100 for each day of default.”, the expression “0.1% of the taxable income per week or Rs.20,000, whichever is higher.” shall be substituted;

(40) in section 195, in sub-section (3), for the expression “Sub-section (3) of section 187” the expression “Entry against S.No 10 in column (2) of the Table in sub-section (1) of section 182” shall be substituted;

(41) in section 205, for the figure “18” wherever occurring, the figure “12” shall be substituted;

(42) in section 207, in sub-section (1), after clause (g), following new clause (ga) shall be inserted, namely:-

“(ga) special audit panel;”;

(43) in section 210, for sub-section (1B), the following sub-section shall be substituted, namely:-

“(1B) The Commissioner may, by an order in writing, delegate to a special audit panel appointed under sub-section (11) of section 177, or to a firm of chartered accountants or a firm of Cost and Management Accountants appointed by the Board or the Commissioner to conduct an audit of person under section 177, all or any of the powers or functions to conduct an audit under this Ordinance.”;

(44) in section 211, in sub-section (1), after the word “Revenue” the words, brackets and figures “or by a special audit panel appointed under sub-section (11) of section 177” shall be inserted;

(45) after section 214C, the following new section shall be inserted, namely:—

“**214D. Automatic selection for audit.**- (1) A person shall be automatically selected for audit of its income tax affairs for a tax year if-

(a) the return is not filed within the date it is required to be filed as specified in section 118, or, as the case may be, not filed within the time extended by the

Board under section 214A or further extended for a period not exceeding thirty days by the Commissioner under section 119; or

- (b) the tax payable under sub-section (1) of section 137 has not been paid.

(2) Audit of income tax affairs of persons automatically selected under sub-section (1) shall be conducted as per procedure given in section 177 and all the provisions of the Ordinance shall apply accordingly:

Provided that audit proceedings shall only be initiated after the expiry of ninety days from the date as mentioned in sub-section (1).

(3) Subject to section 182, 205 and 214C, sub-section (1) shall not apply if the person files the return within ninety days from the date as mentioned in sub-section (1) and-

- (a) twenty five percent higher tax, than the tax paid during immediately preceding tax year, has been paid by a person on the basis of taxable income and had declared taxable income in the return for immediately preceding tax year; or
- (b) tax at the rate of two percent of the turnover or the tax payable under Part I of the First Schedule, whichever is higher, has been paid by a person alongwith the return and in the immediately preceding tax year has

either not filed a return or had declared income below taxable limit:

Provided that where return has been filed for the immediately preceding tax year, turnover declared for the tax year is not less than the turnover declared for the immediately preceding tax year.

(4) The provisions of sub-section (1) and sections 177 and 214C shall not apply, for a tax year, to a person registered as retailer under rule (4) of the Sales Tax Special Procedure Rules, 2007 subject to the condition that name of the person registered under rule (4) of the Sales Tax Special Procedure Rules, 2007 remained on the sales tax active taxpayers' list throughout the tax year;

(5) Sub-section (4) shall have effect from the date appointed by the Board through Notification in the official gazette.”;

(46) after section 227A, the following new section shall be inserted, namely:-

“227B. Reward to whistleblowers.— (1) The Board may sanction reward to whistleblowers in cases of concealment or evasion of income tax, fraud, corruption or misconduct providing credible information leading to such detection of tax.

(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and also specify the apportionment of reward sanctioned under this section for whistleblowers.

(3) The claim for reward by the whistleblower shall be rejected if—

- (a) the information provided is of no value;
- (b) the Board already had the information;

- (c) the information was available in public records; or
- (d) no collection of taxes is made from the information provided from which the Board can pay the reward.

(4) For the purpose of this section, “whistleblower” means a person who reports concealment or evasion of income tax leading to detection or collection of taxes, fraud, corruption or misconduct, to the competent authority having power to take action against the person or an income tax authority committing fraud, corruption, misconduct, or involved in concealment or evasion of taxes.”;

(47) in section 231A, sub-section (2) shall be omitted;

(48) in section 231AA, in sub-section (1),-

- (a) for the colon at the end a full stop shall be substituted and thereafter the proviso shall be omitted; and
- (b) sub-section (4) shall be omitted;

(49) in section 231B,—

- (a) in sub-section (3), for the words “car or jeep” the word “vehicle” shall be substituted; and
- (b) after sub-section (5), the following new sub-sections shall be added, namely:—

“(6) For the purposes of this section the expression “date of first registration” means:-

- (a) the date of issuance of broad arrow number in case a vehicle is acquired from the Armed Forces of Pakistan;

- (b) the date of registration by the Ministry of Foreign Affairs in case the vehicle is acquired from a foreign diplomat or a diplomatic mission in Pakistan;
 - (c) the last day of the year of manufacture in case of acquisition of an unregistered vehicle from the Federal or a Provincial Government; and
 - (d) in all other cases the date of first registration by the Excise and Taxation Department.
- (7) For the purpose of this section “motor vehicle” includes car, jeep, van, sports utility vehicle, pick-up trucks for private use, caravan automobile, limousine, wagon and any other automobile used for private purpose.”;
- (50) in section 234, after sub-section (5), the following new sub-section shall be added, namely:—
- “(6) For the purpose of sub-sections (1) and (2) “motor vehicle” shall include the vehicles specified in sub-section (7) of section 231B.”;
- (51) in section 236,—
- (a) in the marginal note, after the word “Telephone”, the words “and internet” shall be inserted;
 - (b) in sub-section (1),—
 - (i) In clause (b), the word “and” shall be omitted; and

(ii) in clause (c), for the full stop at the end, a semi-colon and word “; and” shall be substituted and thereafter the following clauses shall be added, namely:—

“(d) internet bill of a subscriber; and

(e) prepaid cards for internet.”;

(c) in sub-section (2), after the word “telephone”, the words “or internet” shall be inserted; and

(d) in sub-section (3), after the word “telephones”, the words “or internet” shall be inserted;

(52) in section 236B,

(a) in sub-section (1), for full stop at end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:-

“Provided that this section shall not apply to routes of Baluchistan coastal belt, Azad Jammu and Kashmir, FATA, Gilgit-Baltistan and Chitral.”; and

(b) sub-section (4) shall be omitted;

(53) in section 236C, sub-section (3) shall be omitted;

(54) in section 236H, in sub-section (1),-

(i) the word and comma “fertilizer,” shall be omitted;

(ii) after the word “retailers”, the words “, and every distributor or dealer to another wholesaler in respect of the said sectors” shall be inserted;

(55) in section 236I, after sub-section (5), the following new sub-section shall be added, namely:-

“(6) Advance tax under this section shall not be collected from a person who is a non-resident and,-

- (i) furnishes copy of passport as an evidence to the educational institution that during previous tax year, his stay in Pakistan was less than one hundred eighty-three days;
- (ii) furnishes a certificate that he has no Pakistan-source income; and
- (iii) the fee is remitted directly from abroad through normal banking channels to the bank account of the educational institution.”;

(56) in section 236K,-

- (a) sub-section (3) shall be omitted;
- (b) in sub-section (4), for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that the mode of payment by the expatriate Pakistanis in the said scheme or schemes shall be in the foreign exchange remitted from outside Pakistan through normal banking channels.”;

(57) after section 236N, the following new sections shall be inserted, namely:-

“236O. **Advance tax under this chapter.**- The advance tax under this chapter shall not be collected in the case of withdrawals made by,-

- (a) the Federal Government or a Provincial Government;

- (b) a foreign diplomat or a diplomatic mission in Pakistan; or
- (c) a person who produces a certificate from the Commissioner that his income during the tax year is exempt.

236P. Advance tax on banking transactions otherwise than through

cash.— (1) Every banking company shall collect advance adjustable tax from a non-filer at the time of sale of any instrument, including demand draft, pay order, special deposit receipt, cash deposit receipt, short term deposit receipt, call deposit receipt, rupee traveller's cheque or any other instrument of such nature.

(2) Every banking company shall collect advance adjustable tax from a non-filer at the time of transfer of any sum through cheque or clearing, interbank or intra bank transfers through cheques, online transfer, telegraphic transfer, mail transfer, direct debit, payments through internet, payments through mobile phones, account to account funds transfer, third party account to account funds transfers, real time account to account funds transfer, real time third party account to account fund transfer, automated teller machine (ATM) transfers, or any other mode of electronic or paper based funds transfer.

(3) The advance tax under this section shall be collected at the rate specified in Division XXI of Part IV of the First Schedule, where the sum total of payments for all transactions mentioned in sub-section (1) or sub-section (2), as the case may be, exceed fifty thousand rupees in a day.

(4) Advance tax under this section shall not be collected in the case of Pakistan Realtime Interbank Settlement Mechanism (PRISM) transactions or payments made for Federal, Provincial or local Government taxes.

236Q. Payment to residents for use of machinery and equipment.- (1)

Every prescribed person making a payment in full or in part including a payment by way of advance to a resident person for use or right to use industrial, commercial and scientific equipment shall deduct tax from the gross amount at the rate specified in Division XXIII of Part IV of the First Schedule.

(2) Every prescribed person making a payment in full or in part including a payment by way of advance to a resident person on account of rent of machinery shall deduct tax from the gross amount at the rate specified in Division XXIII of Part IV of the First Schedule.

(3) The tax deductible under sub-sections (1) and (2) shall be final tax on the income of such resident person.

(4) In this section "prescribed person" means a prescribed person as defined in sub-section (7) of section 153.

(5) The provisions of sub-section (1) and (2) shall not apply to—

- (a) agricultural machinery; and
- (b) machinery leased by a leasing company, an investment bank or a modaraba or a scheduled bank or a development finance institution in respect of assets owned by the leasing

company or an investment bank or a modaraba or a scheduled bank or a development finance institution.

236R. Collection of advance tax on education related expenses

remitted abroad.— (1) There shall be collected advance tax at the rate specified in Division XXIIIV of Part-IV of the First Schedule on the amount of education related expenses remitted abroad.

(2) Banks, financial institutions, foreign exchange companies or any other person responsible for remitting foreign currency abroad shall collect advance tax from the payer of education related expenses.

(3) Tax collected under this section shall be adjustable against the income of the person remitting payment of education related expenses.

(4) For the purpose of this section, “education related expenses” includes tuition fee, boarding and lodging expenses, any payment for distant learning to any institution or university in a foreign country and any other expense related or attributable to foreign education.

236S. Dividend in specie. - Every person making payment of dividend-in-specie shall collect tax from the gross amount of the dividend in specie paid at the rate specified in Division I of Part III of the First Schedule.

236T. Collection of tax by Pakistan Mercantile Exchange

Limited(PMEX) .— (1) Pakistan Mercantile Exchange Limited(PMEX) shall collect advance tax,—

(a) at the rates specified in Division XXII of Part IV of First Schedule from its members on purchase of futures commodity contracts;

(b) at the rates specified in Division XXII of Part IV of First Schedule from its members on sale of futures commodity contracts;

(2) The tax collected under clauses (a) to (b) of sub-section (1) shall be an adjustable tax.”;

(58) in the First Schedule,-

(A) in Part I,-

(a) in Division-I,-

(i) in paragraph (1),-

(a) for the TABLE, the following shall be substituted, namely:-

“TABLE

S.No	Taxable Income	Rate of tax
(1)	(2)	(3)
1.	Where the taxable income does not exceed Rs 400,000	0%

2. Where the taxable income exceeds Rs 400,000 but does not exceed Rs 500,000 7% of the amount exceeding Rs 400,000

3. Where the taxable income exceeds Rs 500,000 but does not exceed Rs 750,000 Rs 7,000 + 10% of the amount exceeding Rs 500,000

4. Where the taxable income exceeds Rs 750,000 but does not exceed Rs 1,500,000 Rs 32,000 + 15% of the amount exceeding Rs 750,000

5. Where the taxable income exceeds Rs 1,500,000 but does not exceed Rs 2,500,000 Rs 144,500 + 20% of the amount exceeding Rs 1,500,000

6. Where the taxable income exceeds Rs 2,500,000 but does not exceed Rs 4,000,000 Rs 344,500 + 25% of the amount exceeding Rs 2,500,000

7. Where the taxable income exceeds Rs 4,000,000 but does not exceed Rs 6,000,000 Rs 719,500 + 30% of the amount exceeding Rs 4,000,000

8. Where the taxable income exceeds Rs 6,000,000 Rs 1,319,500 + 35% of the amount exceeding Rs 6,000,000”

(b) for the proviso the following shall be substituted, namely:-

“Provided that in the case of an association of persons that is a professional firm prohibited from

incorporating by any law or the rules of the body regulating their profession, the 35% rate of tax mentioned against serial number 7 of the Table shall be 32% for tax year 2016 and onwards.;

(ii) in paragraph (1A),

(a) for the TABLE, the following shall be substituted, namely:-

“TABLE

S.No	Taxable Income	Rate of tax
(1)	(2)	(3)
1.	Where the taxable income does not exceed Rs 400,000	0%
2.	Where the taxable income exceeds Rs 400,000 but does not exceed Rs 500,000	2% of the amount exceeding Rs 400,000
3.	Where the taxable income exceeds Rs 500,000 but does not exceed	Rs 2,000 + 5% of the amount exceeding Rs 500,000

Rs 750,000

4. Where the taxable income exceeds Rs 750,000 but does not exceed
- Rs 14,500 + 10% of the amount exceeding Rs 750,000

Rs 1,400,000

5. Where the taxable income exceeds Rs 1,400,000 but does not exceed
- Rs 79,500 + 12.5% of the amount exceeding Rs 1,400,000

Rs 1,500,000

6. Where the taxable income exceeds Rs 1,500,000 but does not exceed
- Rs 92,000 + 15% of the amount exceeding Rs 1,500,000

Rs 1,800,000

7. Where the taxable income exceeds Rs 1,800,000 but does not exceed
- Rs 137,000 + 17.5% of the amount exceeding Rs 1,800,000

Rs 2,500,000

8. Where the taxable
- Rs 259,500 + 20%

- | | | |
|-----|-------------------|-------------------|
| | income exceeds | of the amount |
| | Rs 2,500,000 but | exceeding Rs |
| | does not exceed | 2,500,000 |
| | Rs 3,000,000 | |
| 9. | Where the taxable | Rs 359,500 + |
| | income exceeds | 22.5% of the |
| | Rs 3,000,000 but | amount exceeding |
| | does not exceed | Rs 3,000,000 |
| | Rs 3,500,000 | |
| 10. | Where the taxable | Rs 472,000 + 25% |
| | income exceeds | of the amount |
| | Rs 3,500,000 but | exceeding Rs |
| | does not exceed | 3,500,000 |
| | Rs 4,000,000 | |
| 11. | Where the taxable | Rs 597,000 + |
| | income exceeds | 27.5% of the |
| | Rs 4,000,000 but | amount exceeding |
| | does not exceed | Rs 4,000,000 |
| | Rs 7,000,000 | |
| 12. | Where the taxable | Rs 1,422,000 + |
| | income exceeds | 30% of the amount |
| | Rs 7,000,000 | exceeding Rs |
| | | 7,000,000 |

(b) the proviso, the semicolon at the end of proviso and the word “and” shall be omitted;

(iii) in paragraph (1B), for sub-paragraph (ii), the following shall be substituted, namely:-

“(ii) a taxpayer of the age of not less than sixty years on the first day of that tax year,

the tax liability on such income shall be reduced by fifty per cent.”;

(b) in Division II, in paragraph (i), in the second proviso for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely :-

“Provided further that the rate of tax imposed on taxable income of a company, other than banking company shall be 32% for the tax year 2016, 31% for tax year 2017 and 30% for tax year 2018 and onwards.”;

(c) after Division II, the following new Division shall be inserted, namely:-

“Division IIA

Rates of Super Tax

Person	Rate of super tax
Banking Company	4% of the income
Person, other than a banking company, having income equal to	3% of the income ”;

or exceeding Rs.500 million

(d) in Division-III,

(i) for clause (b), the following shall be substituted, namely:-

“(b) 12.5%, in cases other than mentioned in clauses (a) and (c);

(c) 10%, in case of dividend received by a person from a mutual fund.”;

(ii) in the second proviso, after the word “scheme”, the comma and words, “, REIT Scheme” shall be inserted; and

(iii) for the full stop at the end of second proviso, a colon shall be substituted and thereafter the following new proviso shall be added, namely:-

“Provided also that if a Developmental REIT Scheme with the object of development and construction of residential buildings is set up by thirtieth day of June, 2018, tax imposed on dividend received by a person from such Developmental REIT Scheme shall be reduced by fifty percent for three years from thirtieth day of June, 2018.”;

(e) after Division III, the following new Division shall be inserted, namely:-

“Division IIIA

Rate for Profit on Debt

The rate of tax for profit on debt imposed under section 7B shall be-

TABLE

S.No	Profit on Debt	Rate of tax
(1)	(2)	(3)
1.	Where profit on debt does not exceed Rs 25,000,000	10%
2.	Where profit on debt exceeds Rs 25,000,000 but does not exceed Rs 50,000,000	2,500,000 + 12.5% of the amount exceeding Rs 25,000,000
3.	Where profit on debt exceeds Rs 50,000,000	Rs 5,625,000 + 15% of the amount exceeding Rs 50,000,000”;

(f) for Division-VII, the following shall be substituted, namely:-

“Division VII

Capital Gains on disposal of Securities

The rate of tax to be paid under section 37A shall be as follows—

S.No.	Period	Tax Year 2015	Tax Year 2016
(1)	(2)	(3)	(4)

1.	Where holding period of a security is less than twelve months	12.5%	15%
2.	Where holding period of a security is twelve months or more but less than twenty four months	10%	12.5%
3.	Where holding period of a security is twenty four months or more but less than four years	0%	7.5%
4.	Where holding period is more than four years	0%	0%

Provided that the rate for companies shall be as specified in Division II of Part I of First Schedule, in respect of debt securities;

Provided further that a mutual fund or a collective investment scheme or a REIT scheme shall deduct Capital Gains Tax at the rates as specified below, on redemption of securities as prescribed, namely:-

Category	Rate
Individual and association of persons	10% for stock funds 10% for other funds
Company	10% for stock funds 25% for other funds

Provided further that in case of a stock fund if dividend receipts of the fund are less than capital gains, the rate of tax deduction shall be 12.5%:

Provided further that no capital gains tax shall be deducted, if the holding period of the security is more than four years.”;

(g) in Division IX, in the Table, in column (1),

(i) against S.No 1, in column (2), after clause (c), following new clause shall be inserted, namely:-

“(d) Dealers or distributors of fertilizers.”; and

(ii) against S.No 2, in column (2), in clause (a), the word “fertilizers” and the expression “consumer goods including” shall be omitted;

(B) For Part II, the following shall be substituted, namely:-

“PART II

RATES OF ADVANCE TAX

[See Division II of Part V of Chapter X]

The rate of advance tax to be collected by the Collector of Customs under section 148 shall be-

S.No	Persons	Rate	
		Filer	Non-Filer
(1)	(2)	(3)	(4)
1.	(i) Industrial undertaking importing remelttable steel (PCT Heading	1% of the import value increased	1.5% of the import value as

-
- 72.04) and directly customs-duty, increased
reduced iron for its own sales tax and by
use; federal excise customs-
- (ii) Persons importing duty duty, sales
potassic fertilizers in tax and
pursuance of Economic federal
Coordination Committee excise duty
of the cabinet's decision
No.ECC-155/12/2004
dated the 9th December,
2004;
- (iii) Persons importing urea;
- (iv) Manufacturers covered
under Notification No.
S.R.O. 1125(I)/2011
dated the 31st
December, 2011 and
importing items covered
under S.R.O.
1125(I)/2011 dated the
31st December, 2011
- (v) Persons importing Gold;
- (vi) Persons importing

Cotton; and

(vii) Designated buyer of LNG
on behalf of Government
of Pakistan, to import
LNG

- | | | | |
|----|--|--|--|
| 2. | Persons importing pulses | 2% of the import value as increased by customs-duty, sales tax and federal excise duty | 3% of the import value as increased by customs-duty, sales tax and federal excise duty |
| 3. | Commercial importers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011 and importing items covered under S.R.O. 1125(I)/2011 dated the 31st December, 2011. | 3% of the import value as increased by customs-duty, sales tax and federal excise duty | 4.5% of the import value as increased by customs-duty, sales tax and federal excise duty |

			federal excise duty
4.	Ship breakers on import of ships	4.5%	6.5%
5.	Industrial undertakings not covered under S. Nos. 1 to 4	5.5%	8%
6.	Companies not covered under S. Nos. 1 to 5	5.5%	8%
7.	Persons not covered under S. Nos. 1 to 6	6%	9%;

(C) In Part III,

(a) in Division I,-

(i) after the figure "150" the word and figure " and 236S" shall be inserted; and

(ii) in paragraph (b), for the figure "10" the figure "12.5" shall be substituted and in paragraph (c),-

(a) for the figure "15" the figure "17.5" shall be substituted; and

(b) in the first proviso,

(i) after the word "scheme" a comma and words " , REIT Scheme" shall be inserted; and

(ia) in the Table, in the third column, in the heading, after the word “or” the expression “REIT Scheme or” shall be inserted; and

(ii) for the full stop at the end of second proviso a colon shall be substituted and thereafter the following new proviso shall be added, namely:-

“Provided further that if a Developmental REIT Scheme with the object of development and construction of residential buildings is set up by thirtieth day of June, 2018, rate of tax on dividend received by a person from such Developmental REIT Scheme shall be reduced by fifty percent for three years from thirtieth day of June, 2018.”;

(b) in Division IA, for the figure “15%” the figure “17.5%” shall be substituted;

(c) in Division II,

(i) for paragraph (4), the following shall be substituted, namely:-

“(4) The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (2A) of section 152 shall be--

(i) in case of a company, 4% of the gross amount payable, if the company is a filer and 6% if the company is a non-filer; and

- (ii) in any other case, 4.5% of the gross amount payable, if the person is a filer and 6.5% if the person is a non-filer.”;
- (ii) in paragraph (5), for sub-paragraph (ii), the following shall be substituted, namely:-
 - “(ii) in cases other than transport,—
 - (a) in case of a company, 8% of the gross amount payable, if the company is a filer and 12% if the company is a non-filer; and
 - (b) in any other case, 10% of the gross amount payable, if the person is a filer and 15% if the person is a non-filer;”;
- (iii) for paragraph (6), the following shall be substituted, namely:-
 - “(6) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (2A) of section 152 shall be,—
 - (i) 10% of the gross amount payable in case of sportspersons;
 - (ii) in case of a company, 7% of the gross amount payable, if the company is a filer and 10% if the company is a non-filer; and

(iii) in any other case, 7.5% of the gross amount payable, if the person is a filer and 10% if the person is a non-filer.”;

(d) in Division III,-

(i) in paragraph (1), in sub-paragraph (b), for clauses (i) and (ii), the following shall be substituted, namely:-

“(i) in case of a company, 4% of the gross amount payable, if the company is a filer and 6% if the company is a non-filer; and

(ii) in any other case, 4.5% of the gross amount payable, if the person is a filer and 6.5% if the person is a non-filer”;

(ii) in paragraph (2), in sub-paragraph (ii) , for clauses (a) and (b), the following shall be substituted, namely:-

“(a) in case of a company, 8% of the gross amount payable, if the company is a filer and 12% if the company is a non-filer; and

(b) in any other case, 10% of the gross amount payable, if the person is a filer and 15% if the person is a non-filer;

(c) in respect of persons making payments to electronic and print media for advertising services,-

(i) in case of a filer, 1% of the gross amount payable; and

(ii) in case of a non-filer, 12% of the gross amount payable, if the non-filer is a company and 15% if the non-filer is other than a company;”;

(iii) in paragraph (3), for sub-paragraphs (i), (ii) and (ii), the following shall be substituted, namely:-

“(i) 10% of the gross amount payable in case of sportspersons;

(ii) in case of a company, 7% of the gross amount payable, if the company is a filer and 10% if the company is a non-filer; and

(iii) in any other case, 7.5% of the gross amount payable, if the person is a filer and 10% if the person is a non-filer.”;

(e) in Division VIA, after the word “payment” the word and figure “ for filers and 15% for non-filers” shall be inserted;

(D) in Part IV,-

(a) for Division II, the following shall be substituted, namely:-

“Division II

Brokerage and Commission

The rate of collection under sub-section (1) of section 233 shall be,—

(i) in case of filers, —

(a) 10% of the amount of the payment, in case of advertising agents; and

(b) 12% of the amount of payment in all other cases; and

(ii) in case of non-filers, 15% of the amount of payment.”;

(b) in Division III,-

(i) for paragraph “(i)” the following shall be substituted, namely:-

“(1) In case of goods transport vehicles, tax of two rupees and fifty paise per kilogram of the laden weight shall be charged for filer and four rupees per kilogram of the laden weight for non-filer.”;

(ii) in paragraph (2),for the Table, the following shall be substituted, namely:-

S.No	Capacity	Rs per seat per annum	
		Filer	Non-Filer
(i)	Four or more persons but less than ten persons.	50	100
(ii)	Ten or more persons but less than twenty persons.	100	200
(iii)	Twenty persons or more.	300	500; and

(iii) in paragraph (3),-

(a) for the word “cars”, the word “vehicles” shall be substituted; and

(b) for the Table, the following shall be substituted, namely:-

“S. No.	Engine capacity	for filers	for non-filer
(1)	(2)	(3)	(4)
1.	upto 1000cc	Rs. 800	Rs. 1,200
2.	1001cc to 1199cc	Rs. 1,500	Rs. 4,000
3.	1200cc to 1299cc	Rs. 1,750	Rs. 5,000
4.	1300cc to 1499cc	Rs. 2,500	Rs. 7,500
5.	1500cc to 1599cc	Rs. 3,750	Rs. 12,000
6.	1600cc to 1999cc	Rs. 4,500	Rs. 15,000
7.	2000cc & above	Rs.10,000	Rs. 30,000”;

(c) in Division V, for clause (b) the following shall be substituted, namely;—

“(b) in the case of 14% of the amount

subscriber of internet, of bill or sales price
mobile telephone and of internet pre-paid
pre-paid internet or card or prepaid
telephone card telephone card or
sale of units through
any electronic
medium or whatever
form”;

- (d) in Division VI, for the figure “0.5” the figure “0.6” shall be substituted;
- (e) in Division VIA, after the word “transactions” the words and figure “for filers and 0.6% for non-filers” shall be inserted;
- (f) for Division VII, the following shall be substituted, namely:-

“DIVISION VII

Advance Tax on Purchase, Registration and Transfer of Motor Vehicles

(1) The rate of tax under sub-sections (1) and (3) of section 231B shall be as follows:-

S. No.	Engine capacity	For filers	Tax for non-filer
(1)	(2)	(3)	(4)
1.	upto 850cc	Rs. 10,000	Rs. 10,000
2.	851cc to 1000cc	Rs. 20,000	Rs. 25,000
3.	1001cc to 1300cc	Rs. 30,000	Rs. 40,000

4.	1301cc to 1600cc	Rs. 50,000	Rs. 100,000
5.	1601cc to 1800cc	Rs. 75,000	Rs. 150,000
6.	1801cc to 2000cc	Rs. 100,000	Rs. 200,000
7.	2001cc to 2500cc	Rs. 150,000	Rs. 300,000
8.	2501cc to 3000cc	Rs. 200,000	Rs. 400,000
9.	Above 3000cc	Rs. 250,000	Rs. 450,000”

(2) The rate of tax under sub-section (2) of section 231B shall be as follows:—

S. No.	Engine capacity	For filers	Tax for non-filer
(1)	(2)	(3)	(4)
1.	upto 850cc	-	5000
2.	851cc to 1000cc	5,000	15,000
3.	1001cc to 1300cc	7,500	25,000
4.	1301cc to 1600cc	12,500	65,000
5.	1601cc to 1800cc	18,750	100,000
6.	1801cc to 2000cc	25,000	135,000
7.	2001cc to 2500cc	37,500	200,000
8.	2501cc to 3000cc	50,000	270,000
9.	Above 3000cc	62,500	300,000

Provided that the rate of tax to be collected shall be reduced by 10% each year from the date of first registration in Pakistan.”;

(g) in Division XIV, in the Table, in the first column, against the entry “Fertilizers” ,—

- (a) in the second column, for the figure “0.2”, the figure “0.7” shall be substituted;
- (b) in the third column for the figure “0.4”, the figure “ 1.4” shall be substituted;
- (h) in Division XIX, in clause (i), for the figure “100,000”, the figure“75,000” shall be substituted;
- (i) in Division XX, for the Table, the following shall be substituted, namely:-

“S. No.	Type of Ticket	Rate
(1)	(2)	(3)
1.	First/Executive Class	Rs.16,000 per person
2.	Others excluding Economy	Rs.12,000 per person
3.	Economy	0”; and

- (j) after Division XX, the following new Divisions shall be added, namely:-

“Division XXI

Advance Tax On Banking Transactions Otherwise Than Through Cash

The rate of tax to be collected under section 236P shall be 0.6% of the transaction for non-filers.

Division XXII

Rate of Collection of Tax by Pakistan Mercantile Exchange Limited

The rate of tax to be collected under section 236T shall be shall be as follows:–

- (a) in case of sale or purchase of future commodity contract as per clause (a) and (b) of sub-section (1) of section 236T shall be 0.05%.

DIVISION XXIII

Payment to a resident person for right to use machinery and equipment

Rate of collection of tax under section 236Q shall be 10 percent of the amount of payment.

DIVISION XXIV

Collection of advance tax on education related expenses remitted abroad

Rate of collection of tax under section 236R shall be 5 percent of the amount of total education related expenses.”;

(59) in the Second Schedule,-

(A) in Part I,-

(i) clause (20) shall be omitted;

(ia) in clause (57), in sub-clause (3), after paragraph (xiii), the following new paragraph shall be added, namely:-

“(xiv) Punjab General Provident Investment Fund established under the Punjab General Provident Investment Fund Act, 2009 (V of 2009) and the trust established thereunder.”;

(ii) in clause (61), after sub-clause (xiv), the following new sub-clause shall be added, namely:-

“(xiv) The Indus Hospital, Karachi.”

(iii) in clause (66),—

- (a) sub-clause (xxx) occurring for the second time shall be renumbered as “(xxxii)”;
- (b) after sub-clause (xxxii) renumbered as aforesaid, the following new sub-clause shall be added, namely:—
“(xxxiii) The Indus Hospital, Karachi.”;
- (iv) in clause (99A), for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:-
“Provided that profit and gains on sale of immovable property to a Developmental REIT Scheme with the object of development and construction of residential buildings shall be exempt upto thirtieth day of June, 2020”
- (v) in clause (103A), after the figure “59B” the words “subject to the condition that return of the group has been filed for the tax year.” shall be inserted;
- (vi) clause (113) shall be omitted;
- (vii) in clause (126A) for the figure, “twenty” the figure, “twenty three” shall be substituted;
- (viii) clause (126F) shall be omitted;
- (ix) after clause (126H), the following new clauses shall be added, namely:-
“(126I) Profits and gains derived by a taxpayer, from an industrial undertaking set up by 31st day of December, 2016

and engaged in the manufacture of plant, machinery, equipment and items with dedicated use (no multiple uses) for generation of renewable energy from sources like solar and wind, for a period of five years beginning from first day of July, 2015.

(126J) Profits and gains derived by a taxpayer, from an industrial undertaking set up between 1st day of July, 2015 and 30th day of June, 2016 engaged in operating warehousing or cold chain facilities for storage of agriculture produce for a period of three years beginning with the month in which the industrial undertaking is set up or commercial operations are commenced, whichever is later.

(126K) Profits and gains derived by a taxpayer, from an industrial undertaking set up between the first day of July, 2015 and the 30th day of June, 2017 for establishing and operating a halal meat production unit, for a period of four years beginning with the month in which the industrial undertaking commences commercial production. The exemption under this clause shall apply if the industrial undertaking is –

(a) owned and managed by a company formed for operating the said halal meat production unit and registered under the Companies Ordinance, 1984 (XLVII

of 1984), and having its registered office in Pakistan;
and

- (b) not formed by the splitting up, or the re construction or re constitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business; and
- (c) halal meat production unit is established and obtains a halal certification within the period between the first day of July, 2015 and the 30th day of June, 2017.

(126L) Profits and gains derived by a taxpayer, from an industrial undertaking set up in the Provinces of Khyber Pukhtunkhwa and Baluchistan between 1st day of July, 2015 and 30th day of June, 2018 for a period of five years beginning with the month in which the industrial undertaking is set up or commercial production is commenced, whichever is later:

Provided that exemption under this clause shall be admissible where—

- (a) the industrial undertaking is setup between the first day of July, 2015 and 30th day of June, 2018, both days inclusive; and

(b) the industrial undertaking is not established by the splitting up or reconstruction or reconstitution of an undertaking already in existence or by transfer of machinery or plant from an undertaking established in Pakistan at any time before 1st July 2015.

(126M) Profits and gains derived by a taxpayer from a transmission line project set up in Pakistan on or after the 1st day of July, 2015 for a period of ten years. The exemption under this clause shall apply to such project which is—

(a) owned and managed by a company formed for operating the said project and registered under the Companies Ordinance, 1984 (XLVII of 1984), and having its registered office in Pakistan;

(b) not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business; and

(c) owned by a company fifty per cent of whose shares are not held by the Federal Government or Provincial Government or a Local Government or

which is not controlled by the Federal Government or a Provincial Government or a Local Government:

Provided that the exemption under this clause shall not apply to projects set up on or after the thirtieth day of June, 2018.

(126N) Profits and gains derived by a taxpayer from an industrial undertaking, duly certified by the Pakistan Telecommunication Authority, engaged in the manufacturing of cellular mobile phones, for a period of five years, from the month of commencement of commercial production:

Provided that the industrial undertaking has been set up and commercial production has commenced between the first day of July, 2015 and the thirtieth day of June, 2017 and the industrial undertaking is not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan.”; and

(x) after clause (140), the following new clauses shall be added, namely:-

“(141) Profit and gains derived by LNG Terminal Operators and Terminal Owners for a period of

five years beginning from the date when commercial operations are commenced.

(142) Income from social security contributions derived by Balochistan Employees' Social Security Institution, Employees' Social Security Institution Khyber Pakhtunkhwa, Punjab Employees' Social Security Institution and Sindh Employees' Social Security Institution.

Explanation.- For the removal of doubt, it is clarified that all incomes other than social security contributions shall not be exempt”;

(B) in Part II,-

(i) clauses (13C), (14), (14A) (14B) and (21) shall be omitted;

and

(ii) after clause (28A), the following new clause shall be added, namely:-

“(28B) The rate of tax shall be 0.15% under section 231A on cash withdrawal by an exchange company, duly licensed and authorized by the State Bank of Pakistan, exclusively dedicated for its authorized business related transactions, subject to the condition that a certificate issued by the concerned Commissioner Inland Revenue for a financial year mentioning details and particulars of

its Bank Account being used entirely for business transactions is provided.”;

(C) in Part III, clause (16) shall be omitted; and

(D) in Part IV,-

(a) in clause (11A),-

(i) in sub-clause (i), for the word, comma and figures “Rules, 2006” the word, comma and figures “Regulations, 2015” shall be substituted;

(ii) sub-clause (iv) shall be omitted;

(iii) in sub-clause (v), the words “and 132B” shall be omitted;

(iv) in sub-clause (xvi), the word “and” shall be omitted; and

(v) in sub-clause (xvii), for the full stop at the end a semi-colon and word “; and” shall be substituted and thereafter the following new sub-clauses shall be added, namely,-

“(xviii) companies, qualifying for exemption under clause (132B) of Part-I of this Schedule, in respect of receipts from a coal mining project in Sindh, supplying coal exclusively to power generation projects.

(xix) LNG Terminal Operators and LNG Terminal Owners.

(xx) taxpayers located in the most affected and moderately affected areas of Khyber Pakhtunkhwa, FATA and PATA for tax year 2010, 2011 and 2012 excluding manufacturers and suppliers of cement, sugar, beverages and cigarettes.

(xxi) Rice Mills for the Tax Year 2015.

(xxii) taxpayers qualifying for exemption under clauses (126I) of Part-I of this Schedule in respect of income from manufacture of equipment with dedicated use for generation of renewable energy.

(xxiii) taxpayers qualifying for exemption under clauses (126J) of Part-I of this Schedule in respect of income from operating warehousing or cold chain facilities for storage of agriculture produce.

(xxiv) taxpayers qualifying for exemption under clauses (126K) of Part-I of this Schedule in respect of income from operating halal meat production, during the period mentioned in clause (126K).

(xxv) taxpayers qualifying for exemption under clauses (126L) of Part-I of this Schedule in respect of income from a manufacturing unit set up in Khyber Pukhtunkhwa Province between 1st day of July, 2015 and 30th day of June, 2018.”;

(aa) in both clauses (11B) and (11C), after the figure “59B” the words “subject to the condition that the return of the group has been filed for the latest completed tax year” shall be substituted;

(b) after clause (11C), the following new clause shall be inserted, namely:-

“(11D) The provisions of section 113C shall not apply to LNG Terminal Operators and LNG Terminal Owners.”;

(c) clause (16A) shall be omitted;

(d) in clause (46), for the word “or” occurring for the second time, the expression “and provisions of sub-section (2A) of section 152 shall not apply to” shall be substituted;

(e) in clause (56),-

(i) in sub-clause (i), for the commas, figures and words “Chapters 27, 86 and 99”, the figures and words “Chapter 86 and 99 except PCT Heading 9918” shall be substituted;

(ii) after sub-clause (i), amended as aforesaid, the following new sub-clause shall be inserted, namely,-

“(ia) Petroleum oils and oils obtained from bituminous minerals crude (PCT Code 2709.0000), Furnace-oil (PCT Code 2710.1941), High speed diesel oil (PCT Code 2710.1931), Motor spirit (PCT Code 2710.1210), J.P.1 (PCT Code 2710.1912), base oil for lubricating oil (PCT Code 2710.1993), Light diesel oil

(PCT Code 2710.1921) and Super Kerosene Oil imported by Pakistan State Oil Company Limited, Shell Pakistan Limited, Attock Petroleum Limited, Byco Petroleum Pakistan Limited, Admore Gas Private Limited, Chevron Pakistan Limited, Total-PARCO Pakistan(Private) Limited, Hascol Petroleum Limited, Bakri Trading Company Pakistan (Pvt) Ltd, Overseas Oil Trading Company (Pvt) Ltd, Gas and Oil Pakistan (Pvt) Ltd and oil refineries.”;

(f) in clause (56B), the expression “(56B) Provisions of section 148 shall not apply in respect of import of potatoes between 5th of May, 2014 and 31st of July, 2014, provided that such imports shall not exceeds 200,000 metric tons in aggregate during the said period.” shall be omitted;

(g) clause (56H) shall be omitted;

(h) in clause (57), the Explanation at the end shall be numbered as paragraph(i) of that Explanation and thereafter the following new paragraph shall be added, namely:-

“(ii) It is further clarified that in-house preparation and processing of food and allied items for sale to customers shall not disqualify a company from being treated as a Trading House, provided that all the conditions in this clause

are fulfilled and sale of such items does not exceed two per cent of the total sales.”;

- (i) in clause (59), sub-clause (iii) shall be omitted;
- (j) clauses (61A) shall be omitted
- (ja) after clause (67), the following new clause shall be inserted, namely:-

“(67A) The provisions of section 100B and Eighth Schedule shall not apply to transactions carried on upto 30th day of June, 2015, on any Stock Exchange of Pakistan, by International Finance Corporation established under the International Finance Corporation Act, 1956 (XXVIII of 1956).”;

- (jb) in clause (72A), after the figure “2014” the word and figure “and 2015” shall be inserted;
- (k) in clause (77), after the word and comma “torches,”, a comma and the words “tubular daylighting devices such as solatube,” shall be inserted;
- (l) clauses (79) and (83) shall be omitted;
- (m) in clause (86), for the figure “2016” the figure “2017” shall be substituted;
- (n) clauses (89) and (90) shall be omitted;
- (o) after clause (90), omitted as aforesaid, the following new clauses shall be added, namely:-

“(91) The provisions of section 148 shall not apply to-

- (i) Tillage and seed bed preparation equipment as specified below

	Equipment	PCT Code
(i)	Rotavator	8432.8010
(ii)	Cultivator	8432.2910
(iii)	Ridger	8432.8090
(iv)	Sub soiler	8432.3090
(v)	Rotary slasher	8432.8090
(vi)	Chisel plow	8432.1010
(vii)	Ditcher	8432.1090
(viii)	Border disc	8432.2990
(ix)	Disc harrow	8432.2100
(x)	Bar harrow	8432.2990
(xi)	Mould board plow	8432.1090
(xii)	Tractor rear or front blade	8430.6900
(xiii)	Land leveller or land planer	8430.6900
(xiv)	Rotary tiller	8432.8090
(xv)	Disc plow	8432.1090
(xvi)	Soil-scrapper	8432.8090
(xvii)	K.R.Karundi	8432.8090

- (xviii) Tractor mounted 8701.9020
trancher
- (xix) Land leveler 8430.6900
- (ii) Seeding or planting equipment

	Equipment	PCT Code
(i)	Seed-cum-fertilizer drill (wheat, rice barley, etc.)	8432.3010
(ii)	Cotton or maize planter with fertilizer attachment	8432.3090
(iii)	Potato planter	8432.3090
(iv)	Fertilizer or manure spreader or broadcaster	8432.4000
(v)	Rice transplanter	8432.3090
(vi)	Canola or sunflower drill	8432.3010
(vii)	Sugarcane planter	8432.3090
(iii)	Irrigation, drainage and agro-chemical application equipment	
	Equipment	PCT Code
(i)	Tubewells filters or strainers	8421.2100, 8421.9990
(ii)	Knapsack sprayers	8424.2010
(iii)	Granular applicator	8424.2010
(iv)	Boom or field sprayers	8424.2010

- (v) Self propelled sprayers 8424.2010
- (vi) Orchard sprayer 8424.2010
- (iv) Harvesting, threshing and storage equipment

	Equipment	PCT Code
(i)	Wheat thresher	8433.5200
(ii)	Maize or groundnut thresher or sheller	8433.5200
(iii)	Groundnut digger	8433.5900
(iv)	Potato digger or harvester	8433.5300
(iv)	Sunflower thresher	8433.5200
(v)	Post hole digger	8433.5900
(vi)	Straw balers	8433.4000
(vii)	Fodder rake	8433.5900
(viii)	Wheat or rice reaper	8433.5900
(ix)	Chaff or fodder cutter	8433.5900
(x)	Cotton picker	8433.5900
(xi)	Onion or garlic harvester	8433.5200
(xii)	Sugar harvester	8433.5200
(xiii)	Tractor trolley or forage wagon	8716.8090
(xiv)	Reaping machines	8433.5900
(xv)	Combined harvesters	8433.5100
(xvi)	Pruner/shears	8433.5900

- (v) Post-harvest handling and processing &
miscellaneous machinery

	Equipment	PCT Code
(i)	Vegetables and fruits cleaning and sorting or grading equipment	8437.1000
(ii)	Fodder and feed cube maker equipment	8433.4000

(92) The provisions of section 148 shall not apply to.-

	PCT Code
Aircraft, whether imported or acquired on wet or dry lease	8802.4000
Maintenance kits for use in trainer aircrafts of PCT headings 8802.2000 and 8802.3000	Respective headings
Spare parts for use in aircrafts, trainer aircrafts or simulators	Respective headings
Machinery, equipment and tools for setting up	Respective headings

maintenance, repair and
overhaul (MRO)

workshop by MRO

company recognized by

Aviation Division

Operational tools, Respective

machinery, equipment headings

and furniture and fixtures

on one-time basis for

setting up Greenfield

airports by a company

authorized by Aviation

Division

Aviation simulators Respective

imported by airline headings

company recognized by

Aviation Division

(93) The provisions of sub-section (1) of section 154 shall not apply to taxpayers operating halal meat production and qualifying for exemption under clause (126K) of Part-I of this Schedule for the period specified in clause (126K).”;

(60) in the Fourth Schedule,—

(a) rule (6A) shall be omitted;

(b) in rule (6B),-

(i) for the Table, the following shall be substituted, namely:—

"S.No.	Period	Tax Year 2015	Tax Year 2016
(1)	(2)	(3)	(4)
1.	Where holding period of a security is less than twelve months	12.5%	15%
2.	Where holding period of a security is twelve months or more but less than twenty four months	10%	12.5%
3.	Where holding period of a security is twenty four months or more but less than four years	0%	7.5%";

and

(ii) the proviso shall be omitted;

(c) after rule 6C, the following new rule shall be inserted, namely:—

"6D. The provisions of section 4B shall apply to the taxpayers under this schedule and taxed at the rates specified in Division IIA of Part I of the First Schedule.";

(61) in the Fifth Schedule,—

(A) in Part I, after rule 4A, the following new rule shall be inserted, namely:—

“**4AA.** The provisions of section 4B shall apply to the taxpayers under this Part and taxed at the rates specified in Division IIA of Part I of the First Schedule.”;

(B) in Part II, after rule 2, the following new rule shall be inserted, namely:—

“**2A.** The provisions of section 4B shall apply to the taxpayers under this Part and taxed at the rates specified in Division IIA of Part I of the First Schedule.”;

(62) in the Seventh Schedule,—

(i) in rule 6, the expression “The net income from Dividend and net income from Capital Gains on sale of shares of listed companies shall be taxed at the rate of ten and twelve and a half, respectively” and the three provisos thereafter shall be omitted;

(ii) rules (6A) and (6B) shall be omitted; and

(iii) after rule (7A), the following new rules shall be inserted, namely:-

“(7B) From tax year 2015 and onwards, income from Dividend and income from Capital Gains shall be taxed at the rate specified in Division II of Part I of First Schedule.

(7C) For tax year 2015, the provisions of section 4B shall apply to banking companies and shall be taxed at the rate specified in Division IIA of Part I of First Schedule.”; and

(63) in the Eighth Schedule, in rule 1, after sub-rule (7) , the following new sub-rule shall be added, namely:—

“(8) The provisions of section 4B shall apply to the taxpayers under this schedule and taxed at the rates specified in Division IIA of Part I of the First Schedule.”;

6. **Amendments of the Federal Excise Act, 2005.** — In the Federal Excise Act, 2005, the following further amendments shall be made, namely:-

(1) In section 2, after clause (24), the following new clause shall be added, namely:-

“(24A) “whistleblower” means whistleblower as defined in section 42D of the Federal Excise Act, 2005”;

(2) in section 16,—

(a) in sub-section (2), after the word “may”, occurring for the first time, the commas and words “, pursuant to the approval to the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in duties, development of backward areas and implementation of bilateral and multilateral agreements,” shall be inserted;

(b) sub-section (3) shall be omitted;

- (c) in sub-section (4), for the words, figures and brackets “sub-sections (2) and (3)”, the word, figure and brackets “sub-section (2)” shall be substituted; and
- (d) after sub-section (4), amended as aforesaid, the following new sub-sections shall be added, namely:–

“(5) The Federal Government shall place before the National Assembly all notifications issued under this section in a financial year.

(6) Any notification issued under sub-section (2) after 1st July, 2015, shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued.”;

- (3) in section 35, in sub-section (1), after the words “*suo moto*”, the commas and words “, or otherwise” shall be inserted;
- (4) after section 42C, a new section 42D shall be added, namely:–

“42D. Reward to whistleblowers.– (1) The Board may sanction reward to whistleblowers in cases of concealment or evasion of duty, corruption or misconduct providing credible information leading to such detection of evasion of duty.

(2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and also specify the apportionment of reward sanctioned under this section for whistleblowers.

(3) The claim for reward by the whistleblower shall be rejected if–

- (a) the information provided is of no value;
- (b) the Board already had the information;
- (c) the information was available in public records; or
- (d) no collection of duty is made from the information provided from which the Board can pay the reward.

(4) For the purpose of this section, “whistleblower” means a person who reports concealment or evasion of duty leading to detection or collection of duty, corruption or misconduct, to the competent authority having power to take action against the person or a federal excise authority committing fraud, corruption, misconduct, or involved in concealment or evasion of duty.”;

(5) in section 45A,-

- (a) in sub-section (2), after the word “labels”, the word and comma “barcodes,” shall be inserted; and
- (b) (b) after sub-section (2), amended as aforesaid, the following new sub-section shall be added, namely:—

“(3) Such tax stamps, banderoles, stickers, labels, barcodes *etc.*, shall be acquired by the registered person referred to in sub-section (2) from a licensee appointed by the Board for the purpose, against price approved by the Board, which shall include the cost of equipment installed by such licensee in the premises of the said registered person.”;

(6) in section 46,—

- (a) in the heading, the word “Departmental” shall be omitted;
- (b) for sub-section (4), the following shall be substituted, namely:–

“(1) The Board may appoint as many special audit panels as may be necessary, comprising two or more members from the following –

- (a) an officer or officers of Inland Revenue;
- (b) a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961);
- (c) a firm of Cost and Management Accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966); or
- (d) any other person as directed by the Board,

to conduct audit of a registered person or persons, including audit of refund claims and forensic audit and the scope of such audit shall be determined by the Board or the Commissioner Inland Revenue on a case-to-case basis. In addition, the Board may, where it considers appropriate, also get such audit conducted jointly with similar audits being conducted by provincial administrations of sales tax on services.”;

- (c) after sub-section (4), substituted as aforesaid, the following new sub-sections shall be inserted and the existing sub-section (5) shall be re-numbered as sub-section (9), namely:–

“(5) Each special audit panel shall be headed by a chairman who shall be an officer of Inland Revenue;

(6) If any one member of the special audit panel, other than the chairman, is absent from conducting an audit, the proceedings of the audit may continue and the audit conducted by the special audit panel shall not be invalid or be called in question merely on the ground of such absence.

(7) The Board may prescribe rules in respect of constitution, procedure and working of special audit panel.

(8) Every member of the special audit panel shall have the powers of officers of Inland Revenue under sections 23 and 45 and sub-sections (1) to (3) of section 46.”;

(7) after section 47, the following new sections shall be inserted, namely:-

“47A. Agreements for the exchange of information.– (1) The Federal Government may enter into bilateral or multilateral agreements with provincial governments or with governments of foreign countries for the exchange of information, including electronic exchange of information, with respect to excise duty imposed under this Act or any other law of Pakistan, or under the corresponding laws of that country and may, by notification in the official Gazette, make such provisions as may be necessary for implementing such agreements.

(2) The provisions of section 107 of the Income Tax Ordinance, 2001 (XLIX of 2001) shall, *mutatis mutandis*, apply to this section.

47B. Disclosure of information by a public servant.— (1) Any information acquired under any provision of this Act or in pursuance of a bilateral or multilateral agreement or tax information exchange agreement shall be confidential and no public servant shall disclose any such information, except as provided under section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001).

The provisions of section 216 of Income Tax Ordinance 2001 (XLIX of 2001) shall, *mutatis mutandis*, apply to this section.”;

(8) in the First Schedule,—

(a) in Table I, in column (1),—

(i) against serial numbers 4, 5 and 6, in column (4), for the word “nine”, the word “**ten and a half**” shall be substituted;

(ii) for serial numbers 9 and 10 and the corresponding entries relating thereto in columns (2), (3) and (4), the following shall be substituted, namely:—

“9.	Locally produced	24.02	Rupees	three
	cigarettes if their		thousand	and
	on-pack printed		thirty	per
	retail price exceeds		thousand	
	rupees three		cigarettes	
	thousand three			

hundred and fifty
per thousand
cigarettes

10. Locally produced 24.02 Rupees one
cigarettes if their on- thousand three
pack printed retail hundred and
price does not twenty per
exceed rupees three thousand
thousand three cigarettes”;
hundred and fifty per
thousand cigarettes

; and

(iii) after serial number 55, a new serial number and entries relating thereto in columns (2), (3) and (4) shall be added, namely:—

“56. Filter rod for 5502.0090 Rupee 0.75
cigarettes per filter rod”;

and

(b) in Table II, in column (1), against serial number 3, in column (2), in clause (a), —

(i) sub-clause (iii) and the entry relating thereto in column (4) shall be omitted; and

	Baltistan or Chitral	
10	Services provided or rendered in respect of travel by air of passengers on international journeys from Pakistan to: (a) Hajj passengers; (b) Diplomats; and (c) Supernumerary crew	9803.1000
11	Advertisements in newspapers and periodicals	9802.4000
12	Services provided or rendered by banking companies and non-banking financial companies in respect of Hajj and Umrah, cheque book, insurance, Musharika and Modaraba financing and utility bill collection.	98.13".

STATEMENT OF OBJECTS AND REASONS

The purpose of this bill is to make financial provisions for the year beginning on the first day of July, 2015 except sub-sections (8) and (9) of section 2 which shall have effect from the next day of assent given to this Act by the President of the Islamic Republic of Pakistan.

(MUHAMMAD ISHAQ DAR)
Minister for Finance and Revenue